

MORNING WALL ST. JOURNAL
NEW YORK, N.Y.
Oct. 14, 1950

Television

Official Okay on Color Brings a Sales Tumble On Standard TV Sets

Many Dealers Say Business "Dries Up," and Order Cancellations Hit Makers

Plans to Broadcast Readied

BY JOSEPH M. GUILFOYLE

Color television is making it tough to sell plain old black-and-white TV receivers.

Retailers in several cities report that sales have practically dried up as consumers rush to the sidelines to await the appearance of shiny new color sets.

Laments a Pilot TV set dealer in the nation's capital:

"Everything just stopped dead yesterday. I sold exactly one receiver. Normally I'd get rid of 30 to 50 in a day."

In Los Angeles, Carl Reiman, proprietor of the Reiman Appliance firm, states:

"Just as we were expecting a big rush for TV sets to beat the excise taxes (a 10% levy will be effective November 1) the bottom dropped out of the video market. Color television probably is the biggest factor."

Another retailer in the movie city confirms that "the color television story definitely is slowing things up."

In New York, several dealers noted a drop in sales; in some instances consumers cancelled orders for receivers placed earlier.

In Chicago, Joseph Wolff, president of the Illinois Radio & Television Co., says sales are off 50% this month and "the main reason has been the threat of color television. People want to wait for color now that there's been so much talk about it."

An appliance store manager in San Francisco reports that several buyers called up the morning after the color TV decision and cancelled orders they had placed for black-and-white receivers. "Apparently they want to wait and see what will happen," he adds.

Some retailers are getting panicky, too.

One of the largest radio and appliance chains in the east yesterday cancelled all its outstanding orders with video set makers. Says an official:

"The cancellation affected quite a few thousand receivers and covered practically every standard brand, including RCA, Emerson, Admiral, Motorola, Philco and Hallicrafters sets."

Confusion and Cancellations

In Chicago, the Du Mont distributor reported that some dealers have cancelled orders because of the confusion tinted video has created. Illinois Radio & Television Co.'s Mr. Wolff states he is cutting down on orders to suppliers of unknown brands.

"From now on I'm going to stick to the standard makes," adds Mr. Wolff.

John Hughes, sales manager of the Windy City's Vahey Television Sales firm, reports: "We're holding down on our orders to distributors, mainly because we have heavy inventories. We've stopped telling suppliers to send all they can."

Benjamin Abrams, president of Emerson Radio Phonograph Corp., revealed that some New York dealers have cancelled orders, but added that the "amount involved was not large enough to even dent our big backlog of unfilled orders."

Call to "Hold Up"

A spokesman for the General Electric Supply Corp. in New York said it had been told by several stores to "hold up on delivery of any more TV sets until things clear up."

An official of one of the country's largest department stores served notice on set makers yesterday, including Zenith, Emerson and Philco, that he is going to be more selective when ordering sets in the future. He warned them he may cancel all orders, if sales go into a tailspin.

This retailer also warned manufacturers not to ship him any more samples of new models without first discussing them with him. In the past set-makers shipped samples of new models so they could be displayed for consumer reaction.

NEW YORK WORLD-TELEGRAM
NEW YORK, N.Y.
Oct. 16, 1950

Decorating Problem In New Color TV



Eugene Stephenson, above, ponders the decorating problems presented by a new color television converter set up in offices of the Columbia Broadcasting System. "This," he remarked "is going to cause a great deal of confusion."

By JOAN GAHAN.

Consternation over the Columbia Broadcasting System's color television method spread today to the aesthetically-minded 400 of the decorating world.

"The new color television converter bears a strong resemblance to Dead Eye Dick caught yawning," pronounced Dan Cooper, fabric and furniture designer, after one look at a standard TV receiver fitted with color conversion equipment.

"It's a fantastic looking contraption, isn't it?" asked decorator Alex Macdonald.

These and other spontaneous comments from the men and women who will be designing rooms around converted television models of the future have nothing to do with the relative merits of color television methods considered by the Federal Communications Commission.

Concerned With Looks.

The FCC approval of the CBS color television system has provoked discussion, debate and in some cases downright harsh words among manufacturers and distributors of TV sets.

Decorators are more concerned with the appearance of sets converting for color.

Conversion equipment "originated by CBS includes an adapter and a color converter. The adapter, which enables a standard set to receive color programs in black and white, is housed in a small box connected to the set by an electrical cord. The color converter, with its large metal disc and transparent screen, is necessary for the reception of color programs in color.

It's That Converter.

It's the converter that's causing all the dither among decorators, who until now have been more absorbed in the placement than in the disguise of television sets.

After recovering from the initial visual surprise presented by the new attachments, the decorators put on their thinking caps and came up with a series of ingenious but practical suggestions for future home fits of color television.

Painting both set and attachments the same color as the wall backing them is an idea shared by decorators Eugene Stephenson and Ellen Lehman McCluskey. Both felt that this would keep the set from being a sore thumb in an otherwise co-ordinated room scheme.

An alternate suggestion from Mrs. McCluskey is in line with the "hide or cover-up" school of thought.

"If you put the set in a corner, you can hinge an ordinary standing screen to the wall at one side and pull it across when the set is not in use."

Such a screen should clear the floor by a good inch, she said.

Would Hide It.

Alben Conway, who has designed interiors for Gertrude Lawrence and Tallulah Bankhead, believes the conversion to color television should be treated with an eye to permanence. He envisions a recess in the wall for the television set. He would put a hidden slot on one side to hold the converter when it is pushed away from the set for a program in black and white.

Probably the only designer who has already set to work preparing for color television is Phillip La Tour, designer and manufacturer of custom-built television cabinets. Conversion equipment, costing between \$75 and \$100, cannot be used on cabinet television models, Mr. La Tour said. Owners of cabinet models will have to be content with black and white television or invest in a new cabinet specifically designed to hold their present set and the attachments.

RETAILING DAILY
NEW YORK, N. Y.
Oct. 16, 1950

Converting Present TV Sets To Color Termed Fire Hazard

Holds Change Would Cancel Underwriters Laboratory Authorization, Leaving Owner Unable to Collect Insurance

Adapting or converting present television receivers can constitute one of the most formidable hazards in the home, Robert W. Calvin, executive vice-president, Motorola, Inc., stated Friday.

Almost all sets made by a reputable manufacturer are approved by Underwriters Laboratory, he said, and any major or significant change made inside the set after it leaves the factory automatically voids the UL approval.

This does not refer to the normal servicing procedures by a serviceman like changing a miniature tube, or replacing a resistor. But a change like adapting and/or converting a set to color would cancel the UL authorization thereby leaving the consumer wide open for damage without recourse, he pointed out.

Unable to Collect Insurance.

If, through the adaptation, the set's wiring is left in a faulty condition and a fire is started in the home, the consumer will not be able to collect his insurance since the appliance which started the fire was not UL approved.

Mr. Calvin pointed out that it is not possible to adapt a set to Columbia Broadcasting standards by merely adding a box. The set must be rewired internally, and the factories do not have the facilities to do the job. In fact, he added, to convert the millions of sets now in the hands of the public becomes a "practical impossibility."

Motorola will continue to make present monochrome receivers and

has no plans at present to make any other kind, he stated. In order to state the company's position in regard to color, Motorola will initiate a tremendous campaign using various media, he remarked.

Holds System Too Complex.

Mr. Calvin feels that when the public understands the facts on CBS color, the impracticability will become apparent to everyone and will never become a part of the American home. It will fail, he said, because of its own lack of merit.

The complexities in putting this system into operation will keep the public from ever allowing it to reach the mass production stage, he said.

He concluded by saying: "There is only one satisfactory answer to this problem—that the FCC will review the advances which have been made in the development of color television since the time it closed its hearing on that subject last May. If this is done, it is possible that, after due consideration the FCC may allow a compatible system for television to be authorized which will allow for a normal, gradual transition to color in the future."

NEW YORK NEWS
NEW YORK, N.Y.
Oct. 16, 1950

CBS President Hurls Television Bombshell

Nov. 11/6

By BEN GROSS

Consternation swept the television industry last evening following an address by Frank Stanton, president of the Columbia Broadcasting System, in which he advised the public, "If you wait for, say, six months (before buying a black-and-white video set), you may save some money."

Speaking over the CBS network at 8 P. M., Stanton said that by postponing the purchase of a TV receiver, "you will have a self-contained set with built-in compatibility and built-in color."

On the other hand, if you buy an ordinary black-and-white set now, you will be able to enjoy the black-and-white programs being broadcast. But if you do buy a set, buy only from a manufacturer who will give you positive assurance that there will soon be adapters and convert-



Frank Stanton

which will enable you to get color.

Stanton's talk, designed to explain the CBS color system and to answer its critics, created a furor among manufacturers and dealers. The latter are already reeling from the sudden drop in sales which followed last week's decision by the Federal Communications Commission adopting the CBS color method as the national standard.

Barred From Meeting

The CBS president also revealed during his address that representatives of his network have been barred from a special meeting called by the Radio Television Manufacturers' Association, sched-

(Continued on page 47, col. 1)

Televiewing CBS Chief Hurls Bombshell at TV

(Continued from page 47)

uled for 12 A. M. today at the Hotel Roosevelt, at which the organization's attitude toward color TV will be considered. Stanton had led for such representation but said, "This morning I received a telegram stating the meeting would be closed to us."

"If any statements come out of that meeting," he added, "I hope you will read them in the light of these facts. We do not want the future of color television to fall into the hands of any self-appointed group, meeting in secret behind closed doors. . . . We intend to do everything we can to prevent anyone from blocking color television and keeping it from the American public."

Stanton emphasized that "if you own a black-and-white television set, it will not become useless

overnight when color broadcasting begins." That, he pointed out, because color programs will merely "increase at an orderly rate as the number of sets capable of receiving them increases." Furthermore, he said, most of the popular black-and-white programs will continue to be broadcast in black-and-white until a large percentage of sets are capable of receiving color.

To Buy or Not to Buy

On the question of whether to buy a black-and-white set at this time, Stanton refused to give a flat answer.

"But I can give you some facts which may help you to make up your mind," he said, calling attention to the circumstance that most sets now on the market can be adapted to receive color pictures in black and white and can

be converted to receive broadcasts in color, he added.

"Therefore, if the manufacturers give you their word that there will soon be available adapters and converters for the particular black-and-white sets which you are considering, you will have protection against obsolescence."

"On the other hand, I want to point out that it will be somewhat cheaper and more satisfactory to buy a black-and-white set which is already adapted, so that it has built-in compatibility. Furthermore, a new combination color and

black-and-white set may be somewhat less expensive and will be more satisfactory than an ordinary black-and-white set adapted and converted for color.

"Therefore, if you will wait, say, six months, you may save some money and you will have a self-contained set with built-in compatibility and built-in color."

Announcing again that in less than two months CBS will be broadcasting 20 hours of color programs each week, Stanton then proceeded to answer the criticisms of CBS' system voiced by the majority of

manufacturers. He said that every objection raised against it had already been answered at the FCC hearings.

JOURNAL
RAPID CITY, S. D.
Oct. 16, 1950

Video Buyers Told To Wait Six Months

New York, Oct. 16—(AP)—Frank Stanton, president of the Columbia Broadcasting System, said last night that television set buyers may save some money by waiting up to six months until manufacturers convert to the CBS color video process.

Stanton spoke over his own network in defense of Columbia's system, which has been attacked for various reasons by a large part of the industry.

Despite opposition, however, it recently won the approval of the federal communications commission in a split decision.

What effect Stanton's advice would have on the TV set market—already nervous after the FCC ruling—remained to be seen.

Stanton revealed some of the contention that is sweeping the industry by disclosing that CBS has been barred from a special meeting called for today by the Radio-Television Manufacturers association to discuss color TV.

The CBS system has been strongly opposed by the Radio Corporation of America—which is working on a method of its own—and by a majority of set makers.

Stanton said the 7,000,000 black and white sets now in use will not become obsolete as soon as color TV starts.

He said most present sets can either be "converted" to full color use, or "adapted" to receive color programs in black and white.

Further, he suggested that buyers now get sets only from companies that promise to have converters and adapters available.

The color program were scheduled by the federal communications commission to begin Nov. 20, but may be delayed by lawsuits protesting the ruling.

David Sarnoff, board chairman of RCA—owner of Columbia's powerful rival, NBC—called the FCC decision "an absurdity."

As the television committee of the Radio-Television Manufacturers association began its meeting here, a spokesman said it probably would be late in the day before any action or statement was forthcoming.

The association turned down Stanton's request to have a CBS representative present on the grounds that it was a closed meeting, and CBS was not a member of the association and not a television manufacturer.

HERALD
GLOVERSVILLE, N. Y.
Oct. 17, 1950

STANTON ADVISES 6-MONTH WAIT FOR COLOR VIDEO

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Nervous Market

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Secret Meeting

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PRESS
ASBURY PARK, N. J.
Oct. 16, 1950

Wait for Color, TV Buyer Told

NEW YORK (AP)—Frank Stanton, president of the Columbia Broadcasting system, said last night that prospective television set buyers "may save some money" by waiting up to six months until manufacturers convert to the CBS color video process.

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Further, he suggested that buyers now get sets only from companies that promise to have converters and adapters available. Lastly, he said it might be wiser to "wait say six months" until such attachments can be built in.

The color programs were scheduled by the Federal Communications commission to begin Nov. 20 but may be delayed by lawsuits protesting the ruling.

TIMES
ST. CLOUD, MINN.
Oct. 16, 1950

TV Buyers Urged To Delay Buying For Color Video

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REPOSITORY
CANTON, OHIO
Oct. 16, 1950

CBS President Tells Buyers To Wait for Video Color Sets

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TIMES
SCRANTON, PA.
Oct. 16, 1950

Wait for Color, CBS Tells Public

6-Month Delay Urged— Industry Calls Parley

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NEW YORKER
POUGHKEEPSIE, N. Y.
Oct. 16, 1950

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NEWS
KINGSPORT, TENN.
Oct. 17, 1950

CBS President Warns TV Buyers Of Possible Savings

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JERSEY JOURNAL
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Urges Delay In TV Buying

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POST-DISPATCH
ST. LOUIS, MO.
Oct. 16, 1950

Head of CBS Advises Waiting Six Months to Buy Television Set

Prospective Buyers 'May Save Some Money
by Giving Manufacturers Time to
Convert to Color, He Says.

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PIONEER PRESS
ST. PAUL, MINN.
Oct. 16, 1950

CBS Chief Denies Color To Shelve Present TV Soon

NEW YORK—(AP)—Television sets made to receive programs in black and white won't be useless immediately after color broadcasting begins next month, Frank Stanton, president of the Columbia Broadcasting system, said Sunday night.

Owners of America's present 7 million sets will be receiving programs for some time to come, Stanton said in a nationwide (CBS) broadcast.

The Federal Communications commission authorized CBS to begin color broadcasts Nov. 20 in a split decision that is being opposed by the National Broadcasting company and other firms interested in developing their own color method.



Stanton

Pilot Radio Corp., a set manufacturer, threatened "injunctive proceedings" against the FCC and Brig Gen. David Sarnoff, board chairman for Radio Corporation of America, called the decision an "absurdity."

"Despite the fact that some manufacturers are seeking to create the impression that the public's investment in television sets is about to be wiped out, nothing could be further from the truth," Stanton said.

The number of color programs will "increase at an orderly rate as the number of sets capable of receiving them increases," Stanton said.

He declared that popular black and white programs will continue until a large percentage of sets is capable of receiving color.

Most of the present set owners, he said, will be able to receive CBS color programs in black and white by purchasing "adapters."

'CONVERSION POSSIBLE'

He said many more sets now equipped to receive only black and white programs can be "converted" to receive color.

Around this issue of "adapters" the whole battle over color television is being waged.

Opponents of CBS have maintained that its color television process was "incompatible" because adapters were required to receive color pictures in black and white.

RCA has maintained that its method, turned down by the FCC, is compatible in that present sets could receive color programs in black and white with no additional equipment.

MOST SETS 'ADAPTABLE'

"Most sets now on the market can be adapted," Stanton said, "so that when there is color broadcasting, the program will be received in black and white. Of course the same sets," he said, "can be converted to receive color broadcasts in color."

"Therefore, if the manufacturers give you their word that there will soon be available adapters and converters for the particular black and white sets which you are considering, you will have protection against obsolescence," Stanton said.

"On the other hand," the CBS president went on, "it will be somewhat cheaper and more satisfactory to buy a black and white set which is already adapted, so that it has built in compatibility. Furthermore, a new combination color and black and white set may be somewhat less expensive and will be more satisfactory than an ordinary black and white set adapted and converted for color."

"Therefore if you wait for say six months, you may save some money, and you will have a self-contained set with built-in compatibility and built-in color."

PUBLIC OPINION
CHAMBERSBURG, PA.
Oct. 17, 1950

CBS PRESIDENT ADVISES TV PURCHASERS TO WAIT

Says They May Save Money by
Waiting Six Months

NEW YORK, Oct. 16 (AP)—Frank Stanton, president of the Columbia Broadcasting System, said that television set buyers "may save money" by waiting up to six months until manufacturers convert to the CBS color video process.

Stanton spoke over his own network in defense of Columbia's system, which has been attacked for various reasons by a large part of the industry.

Despite opposition, however, it recently won the approval of the Federal Communications Commission in a split decision.

What effect Stanton's advice would have on the TV set market—already nervous after the FCC ruling—remained to be seen.

The CBS system has been strongly opposed by the Radio Corporation of America—which is working on a method of its own—and by a majority of set makers.

JOURNAL
LEWISTON, ME.
Oct. 16, 1950

CBS President Advises Video Buyers to Wait

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The CBS system has been strongly opposed by the Radio Corporation of America—which is working on a method of its own—and by a majority of set makers.

"If any statements come out of that meeting, I hope you will read them in the light of these facts," Stanton said to the public.

"We do not want the future of television to fall into the hands of any self-appointed group, meeting in secret behind closed doors. We intend to do everything we can to prevent any one from blocking color television and keeping it from the American public."

Stanton said the 7,000,000 black and white sets now in use will not become obsolete as soon as color TV starts.

He said most present sets can either be "converted" to full color use, or "adapted" to receive color programs in black and white.

AMERICAN
WATERBURY, CONN.
Oct. 16, 1950

CBS Head Urges Delay In TV Buying

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Stanton said the 7 million black and white sets now in use will not become obsolete as soon as color TV starts.

He said most present sets can either be "converted" to full color use, or "adapted" to receive programs in black and white.

Further, he suggested that buyers now get sets only from companies that promise to have converters and adapters available. Lastly, he said it might be wiser to "wait six months" until such attachments can be built in.

The color programs were scheduled by the Federal Communications Commission to begin Nov. 25, but may be delayed by lawsuits protesting the ruling.

David Barnoff, board chairman of RCA—owner of Columbia's powerful rival, NBC—called the FCC decision "an absurdity."

LEADER-REPUBLICAN
GLOVERSVILLE, N. Y.
Oct. 16, 1950

Stanton Advises 6-Month Wait For Color Video

CBC Chief Believes
Conversion Will
Take That Long

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NEWS
PATERSON, N. J.
Oct. 18, 1950

Pilot Radio Files Suit Attacking Color Television

NEW YORK, Oct. 18 (AP)—The Pilot Radio Corp. filed a suit attacking the color television decision of the Federal Communications Commission as arbitrary, capricious and against the public interest.

The suit, first of several that had been promised, asked United States District Court at Brooklyn for an injunction suspending enforcement of the Commission's order of Oct. 12 authorizing the color method of the Columbia Broadcasting System.

Enforcement of the decision, said Pilot, "would impose upon the public useless and unnecessary expenditures for external and internal adapters and like expenditures by the public for converters."

The color decision, the complaint continued, has resulted in cancellations of orders by dealers with Pilot and even larger cancellations by consumers of orders previously placed with dealers.

"Plaintiff and its dealers," the suit continued, "find themselves burdened with a large stock of black and white sets which have been rendered unsaleable as a result of the decision. It said the condition will become progressively worse unless the color decision is suspended."

The Pilot suit contained criticisms of CBS color previously expressed by a majority of manufacturers in statements following the decision: that because of its incompatibility it can not be received on present sets even in black and white unless they are specially adapted, and that at the present stage of development the size of CBS color pictures is limited to 12 1/2 inches by the motor-driven color disc in front of the picture tube. CBS contends the development of tri-color direct view tubes will make it possible to dispense with the color wheel and to produce pictures as large as those of black and white sets.

The Radio-Television Manufacturers Association, meanwhile, delayed the issuance of a statement drafted at a meeting of its television committee here yesterday. The association has announced the statement would be issued this morning but later said the time of release was indefinite.

Other suits against the FCC were expected momentarily, including one by Radio Corp. of America which was the principal competitor of CBS in the color television hearings.

TIMES
LOUISVILLE, KY.
Oct. 17, 1950

TV Set Manufacturer Sues To Bar C.B.S. Color Order

New York, Oct. 17 (AP)—The Pilot Radio Corp. filed a suit today attacking the color television decision of the Federal Communications Commission as arbitrary, capricious and against the public interest.

The suit, first of several threatened, asked United States District Court at Brooklyn for an injunction suspending enforcement of the commission's order last Thursday authorizing the color method of the Columbia Broadcasting System.

Enforcement of the decision, said Pilot, would impose upon the public useless and unnecessary expenditures for external and internal adapters and like expenditures by the public for converters."

The color decision, the complaint continued, has resulted in cancellations of orders by dealers with Pilot and even larger cancellations by consumers of orders previously placed with dealers.

"Plaintiff and its dealers," the suit continued, "find themselves burdened with a large stock of black and white sets which have been rendered unsaleable" as a result of the decision. It said the condition will become progressively worse unless the color decision is suspended.

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ufacturers in statements following the decision:

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The Radio-Television Manufacturers Association, meanwhile delayed the issuance of a statement drafted at a meeting of its television committee here yesterday.

Other suits against the F.C.C. expected momentarily include one by Radio Corporation of America which was the principal competitor of C.B.S. in the color television hearings.

(At Chicago the Hallicrafters Company, maker of receivers said its own poll of 107 television stations shows they "are no more anxious to have an incompatible color system pushed down their throats than are the manufacturers.")

RETAILING DAILY
NEW YORK, N. Y.
Oct. 16, 1950

FCC Stand Seen Upsetting Entire Industry

Misleading Information of Nearness of Color TV Held Certain to Slow Down Buying of Black-White Sets

Radio manufacturers and dealer and distributor associations continued their outpouring of criticism of the Federal Communications Commission at the weekend, following FCC approval of the Columbia Broadcasting System's color television system.

The FCC decision on color TV will upset the entire industry and work against the public interest, the National Association of Electrical Distributors told its members. The association's radio, television, and tubes committee called the FCC decision "impractical," noting that the CBS system is "incompatible" with present receivers and will force "millions of people who have no desire for color now to pay for a questionable gadget of temporary usage."

Misleading information that color TV is a few weeks away "is certain to slow down the buying of black and white receivers almost immediately, with the result that millions of dollars of inventory will be jeopardized," said Ira Lavin, acting managing director of the National Appliance and Radio Dealers Association.

"The FCC is due for much criticism on the utter disregard for the consequences of a premature decision without even giving consideration to the public and to that segment of the industry closest to the public — the retailers," continued Mr. Lavin.

"The public must be told that color TV is still a year and possibly 18 months away from even popular acceptance at marketing levels," he added, and said that NARDA "has charged itself with the responsibility of arming all TV retailers with the proper information for transmission to consumers."

"There is no timetable on inventiveness," said John W. Craig, vice-president and general manager of the Crosley Division, Avco Manufacturing Corp., Cincinnati, indicating that he felt the FCC decision could not be taken as final.

Mr. Craig stated that he felt, and he believes the industry as a whole feels, that the nod has been given to the wrong system. He said, "CBS will be telecasting some 20 hours of color television weekly with no one to receive it."

Joshua Sieger, vice-president of engineering for Freed-Elsmann Radio Corp., New York, claimed that the mechanical sequential color system approved by the FCC was tested and rejected many years ago in British laboratories as unsuited for home use. Since that time, he said, the system has been investigated by hundreds of independent television engineers and research organizations but given up because of its basic limitations.

No video manufacturers are will-

ing to invest in the "manufacture of color receivers based on this antiquated system," said Mr. Sieger. "They will be obsolete before they reach the blueprint stage . . . When color television comes, it will come with the electronic TV tube."

Louis I. Pokras, chairman of the board of Tele King Corp., New York, said, "Component supply is so critical that it is not possible to deliver television sets which include bracket standards in time to meet the FCC timetable, regardless of engineering time involved."

He stressed the fact that the CBS color picture is limited to 12½ inches and the trend today is toward larger screens.

Michael Kaplan, president of Sightmaster Corp., New York, and head of the Television Manufacturers Association, wired Wayne Coy, FCC chairman:

"Your decision favoring the CBS color system was received with deep concern by TMA. In the public interest, we would like to know whether CBS shares 1/100th of the confidence in their incompatible system that the commission does."

In a telegram to about 25,000 Admiral dealers, Rhea Sirgusa, president of the firm, urged that they inform customers that the FCC decision allows for continuation of dual standards of telecasting, "which means that present excellent programming will continue in black and white on all major networks."

"The impractical, unsightly whirling disc system which the commission approved will be pushed only by CBS, which owns four TV stations out of a nation total of 107. No sponsors will make any investment in color telecasts for an audience which will consist mainly of CBS executives."

John S. Meek of Meek Industries, Chicago, said his firm will not switch to production of color television sets and warned that the CBS system might mean putting a 4½ foot disc, whirling at the rate of 30 miles per hour, into the TV family's living room. This size disc, he explained, would be necessary to produce color pictures from a 21-inch black and white tube size, which will be the most popular size next spring.

JOURNAL
MILWAUKEE, WIS.
Oct. 17, 1950

Color TV Rule Taken to Court

Pilot Corp. Files Suit

New York, N. Y.—UP—The Pilot Radio Corp. filed a suit Tuesday attacking the color television decision of the federal communications commission as arbitrary, capricious and against the public interest.

The suit, first of several that had been promised, asked the United States district court at Brooklyn for an injunction suspending enforcement of the commission's order of Oct. 12 authorizing the color method of the Columbia Broadcasting System.

Enforcement of the decision, said Pilot, "would impose upon the public useless and unnecessary expenditures for external and internal adapters and like expenditures by the public for converters."

The color decision, the complaint continued, has resulted in cancellations of orders by dealers with Pilot and even larger cancellations by consumers of orders previously placed with dealers.

Claims Sets Unsalable

"Plaintiff and its dealers," the suit continued, "find themselves burdened with a large stock of black and white sets which have been rendered unsalable" as a result of the decision. It said the condition would become progressively worse unless the color decision was suspended.

The Pilot suit contained criticisms of CBS color previously expressed by a majority of manufacturers in statements following the decision: That because of its incompatibility it cannot be received on present sets even in black and white unless they are specially adapted, and that at the present stage of development the size of CBS color pictures is limited to 12½ inches by the motor driven color disk used in front of the picture tube.

CBS contends the development of tricolor direct view tubes will make it possible to dispense with the color wheel and to produce pictures as large as those of black and white sets.

Other Suits Expected

Other suits against the FCC were expected momentarily, including one by Radio Corporation of America, which was the principal competitor of CBS in the color television hearings.

Meanwhile the Radio-Television Manufacturers' association asked Frank Stanton, CBS president, for equal time on the CBS radio network to reply to his talk last Sunday night on color television.

Stanton in his talk advised prospective set buyers to purchase only from manufacturers who promised to make equipment that would enable those sets either to be adapted to receive CBS color in black and white or converted to receive in color. And, he added, they "might save some money" and have a self-contained set by waiting six months or so.

Philco Corp. Monday joined the list of television manufacturers opposing the FCC decision to go ahead with CBS color TV. William Balderston, president of Philco, said color television definitely "has not arrived."

Balderston went further. He said: "Color television with bigger pictures than CBS's 12½ inch screen model, finer quality and performance, is being perfected in the laboratories of the industry today.

"It is our firm conviction that this is what will eventually reach the market and we believe further that such a color system is at least two years away."

WORLD-TELEGRAM & THE SUN
NEW YORK, N. Y.
Oct. 17, 1950

TV Fans Lift Hue and Cry Over Color

Does It Work? Most Wonder

By HUGH CONWAY,
Staff Writer.

Television fans from the Bronx to Brighton Beach differed today in their shades of opinion over color TV, but all joined in one big cry over the hue gadget—how well does it work?

They were afraid the cumbersome color wheel that looks like a delicatessen bologna slicer might prove just that. They indicated a shyness about showing the green of their cash till they could see the true blue hue on a video tube. Many thought the estimated cost—\$70 to \$100 or more—too high just to tell the color shorts on their favorite wrestler.

A Brooklyn writer—two-set man (one a portable)—proposed that the Columbia Broadcasting System shoulder part of the cost.

It's Up to CBS.

"CBS stands to gain the most ultimately through a bigger audience," said Charles Richman of the Hotel St. George. "Let them set up a non-profit service department that, for a nominal fee, would insure and service your TV set for a year, if you bought a converter from a private manufacturer. It's up to CBS to take an active part, if it wants to put this thing across. This might be a solution to the trouble many people have had with service firms."

Mrs. Harry Robbins, a housewife of 771 West End Ave., wanted to know how much the necessary converters would cost.

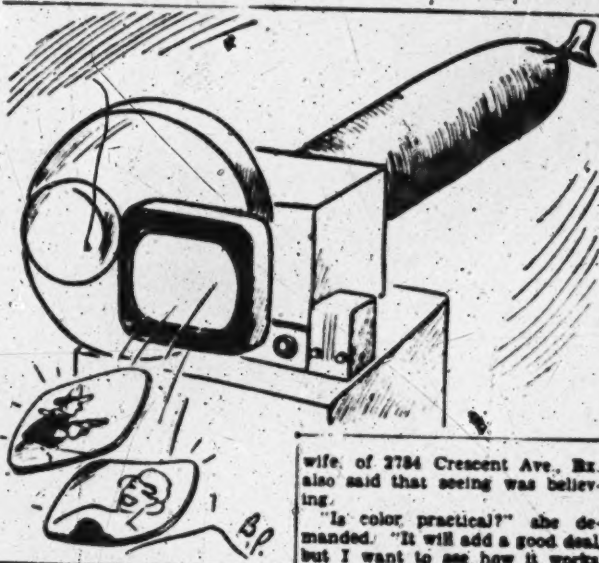
"This is the most important thing," she said. "The prices they are talking about seem expensive. For the present, I'm not interested."

Mrs. Agnes O'Brien, a housewife of 142 W. 87th St., owner of a 19-inch set, wondered about the number of color broadcasts.

"When are they going to do enough to make it worth while?" she asked. "Besides, before I'd buy a converter, I want to see how well it works."

Shows Wariness.

Alfred Bamberger, a perfume atomizer manufacturer, of 144-35



Northern Blvd., Flushing, was enthusiastic but wary.

"I think it's a tremendous thing, but I don't want to be disappointed," he said. "I don't want to experiment, either. I'll buy one immediately, but they've got to prove it works, and works well."

Mrs. Fred W. Read, a house-

wife of 2784 Crescent Ave., Bx., also said that seeing was believing.

"Is color practical?" she demanded. "It will add a good deal, but I want to see how it works. Our set is new and it's still a novelty. We're happy with it the way it is."

Culinary Angle.

Norman Chancos, a law student, of 114 Brighton 11th St., Bklyn., thought the average set owner was taking a beating on the converter system proposed by CBS.

"Many are in the relatively low

income brackets," he said. "They've already invested a lot of money. To buy a converter may mean scrimping for weeks for something that may be obsolete next year."

Mr. Chancos said his own set had something better to offer than color.

"You can also make toast on it because the tube gets so hot," he announced.

Concerned With Sum.

Mrs. Edward Baunach, a housewife of 112-02 Park Lane South, Richmond Hills, said the price of the converters seemed fair.

"It's not much when you put up \$60 a year just for insurance," she said. "I think it would be fun to have color TV, but a 12½-inch picture is going to seem awful small on our 16-inch screen."

Leo A. Sher, a banquet manager, of 1402 37th St., Bklyn., was not stumped by the color problem. He canceled an order for a new set today.

"I can wait a couple of months," he said. "Maybe they'll have sets then that will make the present ones as antiquated as the old headset radio. Why try to dress up an old set with a converter? It may soon be like trying to dress up a prewar car to look like a 1950 model."

CHICAGO DAILY NEWS
CHICAGO, ILLINOIS
Oct. 18, 1950

WHO'S WRONG

Color TV Battle Total Confusion

BY JACK MABLEY

The mighty battle of words over color TV which was predicted, not very exclusively, in this paper six days ago, is flooding the country.

Undoubtedly, you still are quite confused by the whole color situation. Don't be alarmed. That means you understand the thing perfectly. It is complete confusion. If it made sense to you, it would indicate you don't know all the facts.

IN JUDGING CBS color, you must consider the source of the opposition. Television is a terrifically competitive industry, and yet never have the manufacturers been so solidly united in one cause.

They could hardly be more vehement in their denunciation of the CBS color and the FCC decision in favor of it. And they are the men who made television the giant industry it is today.

It would be difficult, if not foolhardy, to ignore the warnings of these men.

DAVID SARNOFF, head of RCA, called the FCC decision "an absurdity." Ross D. Siragusa, president of Admiral Corp., said CBS color "will bumble along to an audience of CBS executives."

William Balderston, president of Philco Corp., said color TV has not arrived, and that a new system still in the laboratories is at least two years away from perfection.

Comdr. E. F. McDonald Jr., president of Zenith Corp., and Paul Galvin, head of Motorola, strongly oppose the CBS system. William J. Halligan, president of Hallicrafters Co., called the decision "craven, brought about by misguided senatorial pressures."

JOHN MECK, head of Scott Radio Laboratories, criticized the decision. John Craig, vice-president of Crosley, said color

TV in the home still is three to five years away.

Can all these men be wrong? Can they have been right in the last two decades in building one of America's greatest new industries at the fastest rate in history, and then suddenly be unanimously wrong about color TV?

POST HOME NEWS
NEW YORK, N.Y.
Oct. 15, 1950

Color TV Tangle Cuts Into Sales

Television was having a severe case of growing pains Saturday, complicated by outraged manufacturers and a confused public.

The cause of the chaotic condition which rocked the infant industry was the recent Federal Communications Commission ruling authorizing the Columbia Broadcasting System to go ahead with its color transmission method.

As retail store spokesmen reported a drastic drop in sales, CBS and its opponents prepared for a series of legal battles which promise to shape up into one of

the most bitter courtroom contests in American industry.

The system approved by the FCC would require the modification of the 8,000,000 sets now in use by the addition of an adapter to receive color programs in black and white, and a rotary converter to receive them in color.

Both the Radio Corp. of America and the Pilot Radio Corp. announced that they were preparing legal action to enjoin the FCC ruling.

THE NEW YORK TIMES

NEW YORK, N.Y.

Oct. 18, 1950

From the Editorial Page

TELEVISION CHAOS

The Federal Communications Commission has decided that television images in color must be transmitted by what is technically known as a "non-compatible system," meaning a system that will make it impossible for some eight million owners of television sets to receive even black-and-white from a color-transmitting station without paying about \$400,000,000 for auxiliaries. Hence the consternation and dismay with which the decision has been received. Few voices have been raised in the Commission's defense. In arriving at its decision the Commission ignored the findings of a committee of scientific experts, headed by Dr. E. U. Condon, Director of the National Bureau of Standards, and appointed by the chairman of the Senate Committee on Interstate and Foreign Commerce to make an impartial study of the status of color television.

The section of the Communications Act under which the Commission promulgated its decree directs it "to encourage the larger and more effective use of radio in the public interest." This broad language may justify the setting of long-term transmission standards to insure fidelity of reproduction in color or black-and-white, brightness of image and high quality in general.

But the Commission has not contented itself with setting standards. In effect it is dictating to manufacturers what kind of television sets they are to make if images are to be received in color with converters and in black-and-white with adapters. The Commission admits that the black-and-white images into which color is to be translated by installed sets at great expense will be of inferior quality. Yet the Commission is supposed to safeguard the public interest.

The testimony taken in committee hearings at the time the Communications Act became a law leaves it to be inferred that Congress had no intention of authorizing the Commission to invade the factory. It is true that the Commission's order applies only to television transmitting stations. It so happens that there is a lock-and-key relationship between a television station and a television receiving set. Hence any decision that affects television stations also affects manufacturers of home sets.

This coercion of an industry which has hitherto enjoyed a large measure of freedom is apparently without precedent. In the case of color television we have a usurpation of authority that needs correction. That correction may now be made, for the Communications Act is now coming up in the federal courts for interpretation. The time for the judicial interpretation of the phrase "to encourage the larger and more effective use of radio in the public interest" has arrived.

TIMES
NEW YORK, N. Y.
Oct. 20, 1950

F. C. C. Decision on Television

Adoption of Color Standards at This Time Held in Public Interest

TO THE EDITOR OF THE NEW YORK TIMES:

The confusion and misunderstanding about the Federal Communications Commission decision concerning color television has engulfed even THE NEW YORK TIMES editorial page. The editorial of Oct. 18 is appropriately entitled "Television Chaos," but the chaos inheres not in the Commission decision but in your interpretation thereof.

The first error in the editorial is the statement that the Commission "ignored the findings of a committee of scientific experts headed by Dr. E. U. Condon, director of the National Bureau of Standards." This is a charge already made by R. C. A. and nobody else. It is wrong.

The Condon committee and the Commission were functioning in different spheres and with different responsibilities. The Condon committee made no recommendations concerning choice of systems; further, the areas of agreement between the Commission findings and the report of the Condon committee are far greater than the areas of disagreement.

The editorial's basic criticism of the Commission's decision is that the Commission went beyond its functions in not only setting standards but in "dictating to manufacturers what kind of television sets they are to make if images are to be received in color with converters and in black and white with adapters." It is charged, therefore, that the decision constitutes "coercion of an industry" and "usurpation of authority."

These criticisms are based on a complete misunderstanding of the Communications Act, of the function of the Commission and of the effect of the Commission's decision.

Type of Signal

Before radio or television can be broadcast on a regular commercial basis it is necessary that the Commission first set technical engineering standards prescribing the type of signal which must be transmitted. Unless there are such standards it would be possible for each station to send out a different type of signal and the consumer would have to have a different receiver for each station.

Setting standards for broadcast service has always been the procedure followed. It is precisely what the Commission did when it authorized black-and-white television. Once it set black-

and-white television standards, any manufacturer who wanted to go into the business of making and selling television receivers obviously had to make receivers designed to receive the signal being transmitted if he wished to offer a usable product.

The editorial itself recognizes this "lock-and-key relationship between a television station and a television receiving set." But having recognized this basic relationship, the editorial then ignored it and thus has been led into its basic error.

Of course, each manufacturer remains free to make precisely the kind of television set he chooses. He can continue to make ordinary black-and-white sets if he thinks he can sell them. He can make any one of a variety of types of sets which will receive color, just as a number of manufacturers are engaged in producing different models to receive the C. B. S. system.

In setting standards for color the Commission has done exactly what it has always done in authorizing any radio or television broadcast service. In this decision, therefore, it has usurped no functions and dictated to no one unless what it has always done constitutes usurpation and dictation. Never before has it been suggested that when the Commission in the past has set standards it has been guilty of "dictation" or "usurpation." It cannot be so suggested because the setting of standards is one of the explicit and necessary functions of the Commission.

Compatibility Problem

Further, it is to be noted that it clearly was in the public interest for the Commission to adopt color standards now, instead of delaying the question further. The Commission concluded, on the basis of ten years' experimentation with color, that there is no reasonable probability that a satisfactory "compatible" color system (that is, a color system capable of being received in black and white on existing receivers without change) can be developed. It found that only the C. B. S. system is now capable of producing satisfactory color, and only the C. B. S. system assured such color for the foreseeable future.

Since the C. B. S. system is "incompatible"—and thus requires changes in existing sets to receive the color signals in black and white—the public interest compelled a prompt decision in order to prevent further aggravation of the compatibility problem. The degree of increased aggravation of the compatibility problem can be measured on the basis of the 8,000,000 sets now in the hands of the public as against perhaps as many as 40,000,000 black-and-white sets in the foreseeable future.

To have postponed the decision would have imposed great additional economic burdens on the public, or deprived it of color altogether unless a satisfactory compatible system should some day be developed—a contingency the Commission did not find likely.

In the light of these basic facts which the editorial overlooked, the criticisms therein were plainly mistaken.

FRANK STANTON,
President, Columbia Broadcasting System, Inc.

New York, Oct. 18, 1950.

[Mr. Stanton overlooked the fact that we expressly conceded the right of the Commission to set standards, but questioned its right to set up systems of transmission.]

That the F. C. C. ignored the Condon

report was brought out on Sept. 10 at the Institute of Radio Engineers' convention in Los Angeles. A question from the floor addressed to a member of the F. C. C. brought the reply: "The Senator Johnson-Condon report was not entered as hearing material and therefore was not given consideration in the F. C. C. decision." The report was issued on July 10—time enough for its consideration.

Mr. Stanton's statement that the "areas of agreement" between the Condon committee and the F. C. C. "are far greater than the areas of disagreement" is not borne out by the Condon report. On Page 40 appears a table in which the system that Mr. Stanton advocated scores only eight points. Of two other systems one scored eleven points and the other six. It looks as if there were more areas of disagreement than of agreement.

Mr. Stanton says that "each manufacturer remains free to make precisely the kind of television set that he chooses." The manufacturer who does not produce a set that will conform with Mr. Stanton's system courts bankruptcy within five years or so.

How does Mr. Stanton know that the odds are against the development of a "compatible" color system? The Condon committee arrived at different conclusions on Pages 37 and 38 of its report.

Mr. Stanton thinks that in the public interest the F. C. C. had to arrive at a prompt decision. The Commission has been considering television for ten years. The Condon committee was appointed because the vacillation and dilatoriness of the F. C. C. forced the Senate to seek the best technical advice that competent technologists could

[Editor, THE TIMES.]

CHICAGO DAILY NEWS
CHICAGO, ILL.
Oct. 18, 1950

TV Stations Hold Off On Plans for Color

BY PHIL S. HANNA

Getting down to cases William J. Halligan, president Halli-crafters, sent a wire to 107 operating TV stations asking "the date at which you plan to commence color television."

Forty-five stations out of 54 replying said they have no plans whatever for using Columbia Broadcasting color.

The importance of this is better understood when it is recalled that the Federal Communications Commission last week formally selected the CBS system as the one the stations and manufacturers must use.



W. J. HALLIGAN

The television industry is apparently up in arms over what it considers to be hasty action of the commission.

Forty-five of the stations replying gave estimates of the time when color telecasts could begin. The estimates ranged from two to 10 years.

SIX of the 15 stations expressed concern for the black and white set owners in their areas. For example one said:

"We are in favor of color but we have been urging that it be on a compatible, agreeable basis. We have no immediate plans to go to color. It seems our first obligation is to the 160,000 people in our area who have bought black and white receivers. . . ."

WCPO of Cincinnati replied, "How could we telecast color and who would receive it if we could?"

KDYL of Salt Lake City replied:

"Have no plans whatever for colored telecasting plus no equipment for color."

"No public clamor hereabouts for TV color. Everyone seems happy with black and white. Color premature and impractical."

SIX of those replying said they had no plans for color and would not use CBS color unless forced to do so.

Two Columbia Broadcasting stations said they would not only be reluctant to carry the CBS color telecast if and when such programs were fed over their network but had no time available.

Of the remaining replies, two said they would broadcast CBS color when the network supplied such programs.

ONE STATION said it would carry CBS color but only if there were enough local receivers in the area to receive it.

Another station said "experimental" color broadcasts might begin in 1951.

Five stations refused to comment.

Paul H. Eckstien, Halli-crafters TV sales manager, declared the answers clearly indicate the station people are no more anxious to have an incompatible color system than the manufacturers.

WORLD-TELEGRAM &
THE SUN
NEW YORK, N. Y.
Oct. 17, 1950

Pilot Radio Sues to Halt Color Video

Injunction Would
Bar Nov. 20 Start

TV fans' reaction to color—
turn to First Page, Second Sec-
tion.

A leading television set manufacturer today aimed a haymaker at the Columbia Broadcasting System's color wheel.

The Pilot Radio Corp. applied in Federal Court, Brooklyn, for an injunction to suspend the Federal Communication Commission's approval of the CBS method of tinting the TV screen.

The FCC has told CBS it can begin commercial use of its system Nov. 20. But the fact that color broadcasts will be just blanks on present receivers without use of adapters and converters has brought a chromatic howl from the setmakers.

Effect on Market.

Pilot, a 31-year-old Long Island City firm, had many uncomplimentary things to say about the FCC ruling in a 12-page complaint. But one of its chief concerns was the effect on the current TV market since color got the green light.

Dealers are canceling orders with Pilot and consumers are staying out of dealers' shops in droves, the complaint said. Both the company and dealers, it added, find themselves burdened with large stocks of unsaleable black-and-white sets. And Pilot said it expects the situation to get progressively worse.

Not Enough Time.

The company charged the FCC acted "expressly" on "hope and speculation and the ephemeral belief that further experimentation . . . would justify the commission's decision." It maintained further that the government agency had recognized there are "significant developments" in color TV which could render the CBS system "archaic." But, it said, the FCC has refused to permit enough time for study of the improvements. CBS has 30 days to answer the suit.

STAR-JOURNAL
LONG ISLAND CITY, N.Y.
Oct. 18, 1950

L. I. City Firm Sues to Void TV Color Edict

AN INJUNCTION seeking to restrain the Federal Communication Commission from enforcing its color television decision of last week was sought yesterday in Brooklyn Federal Court by the Pilot Radio Corporation of Long Island City.

A similar suit was filed by the Radio Corporation of America in Chicago.

Pilot harshly criticized the FCC ruling that established the Columbia Broadcasting System's color television as the standard for the industry.

The 31-year-old Long Island City radio firm, 37-06 36th street, notes that dealers are cancelling orders with Pilot and consumers are not buying sets, leaving dealers with large unsaleable stocks of black and-white sets. The latter will not pick up color telecasts without adapters and converters.

THE COMPANY charged that the FCC didn't permit enough time for study of color improvement and pointed out that there are "significant developments" in color TV which could render the CBS system "archaic."

The FCC ruling was described as "arbitrary, capricious and against the public interest."

Pilot maintained that enforcement of the decision "would impose upon the public useless and unnecessary expenditures for external and internal adapters and like expenditures by the public for converters."

Other companies stressed that electronic system of color TV, compatible with black-and-white set, would be developed in the "near future."

BEACON-NEWS
AURORA, ILL.
Oct. 22, 1950

SEE NOTHING BUT RED IN COLOR VIDEO

BY C. E. BUTTERFIELD
(AP Radio TV Reporter)

Irrespective of the merits of either side, about all any of the participants in the color television row have been able to see so far is red. The question has become the industry's hottest fight.

Right in the middle is the Federal Communications Commission, which in view of its final approval of the CBS system and subsequent court action by RCA and others, has been put into the position of defending one side of a highly controversial matter.

Also involved is the question of prestige in the development of color. Then there is the effect all this is having on the public.

Crux of the fight has centered on whether the FCC erred in approving the older semi-mechanical CBS system, with standards different from black and white, in preference to newer wholly electronic compatible methods.

The public is showing its reaction by increased signs of a tendency to wait until things settle down.

The controversy even has spread to the air. Last Sunday Dr. Frank Stanton, president of CBS, spoke over his network on behalf of CBS color. Tonight at 4:45 o'clock also CBS, a 15-minute requested period has been assigned to Robert C. Sprague, president of Radio-Television Manufacturers association, to reply.

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TIMES
NEW YORK, N. Y.
Oct. 19, 1950

TV RULING IMPERILS LESSER SET MAKER

Another Fears Shutdown If
Confusion Persists in
Outlook for Color

The possibility that one of the smaller television manufacturers may be forced to stop production of receivers was one of a series of developments yesterday resulting from the Federal Communications Commission's order approving the Columbia Broadcasting System's color telecast method.

Michael L. Kaplan, president of the Sigmastar Corporation, said "we are not going into further television production for the time being. Mr. Kaplan said his plant's current orders for sets would be filled in about thirty days, at which time production would be halted.

Another small manufacturer, the Video Corporation of America, also hinted it was worried over the future. Michael M. Platsman, its president, said that "if the present confusion were to continue, some manufacturers, including ourselves, may have to close down."

The Television Manufacturers Association—not to be confused with the larger group that makes both radio and television sets—said it probably would join in one

of the injunctive proceedings already filed against the Federal Communications Commission. The commission has authorized C. B. S. to start commercial color programs on Nov. 30.

Adrian Murphy, vice president of C. B. S., rendered a meeting of Retail Radio-Television and Appliance Dealers that the growth of color television would cover a period of many years, and that black-and-white transmissions would be made for a long time.

In their special meeting, the dealers decided to defer any possible court action against the F. C. C., but voted to ask the commission for an "unequivocal statement" that existing black-and-white standards were not obsolete.

The F. C. C. was quick to deny a charge by the Radio Corporation of America that the commission, in approving C. B. S. color, had relied on the advice of one of its engineers who had invented a device usable only with the C. B. S. system. The charge was made in R. C. A.'s suit filed in United States District Court in Chicago on Tuesday.

The F. C. C. said it had announced publicly last January the development in its own laboratories of a device that fitted in with the C. B. S. system. The Associated Press reported. The January announcement said that Edwin W. Chapin and Willmar K. Roberts, chief and assistant chief, respectively, of the laboratory division, had invented an automatic adapter whereby existing sets could tune in both black-and-white and C. B. S. color broadcasts.

The F. C. C. said its original announcement had emphasized that the invention had been assigned to the United States Government.

The F. C. C. also ordered the National Broadcasting Company to cease its practice of broadcasting R. C. A. color television programs during regular transmitting periods, although it may continue at other hours.

RETAILING DAILY
NEW YORK, N. Y.
Oct. 19, 1950

Western N. Y. Distributors Attack FCC Color TV Ruling

Call Decision "Hasty, Misguided,
Dictatorial" — Urge Letters to Con-
gressmen and Commission Members

BUFFALO, Oct. 18.—Western New York television distributors attacked the Federal Communications Commission's approval of the Columbia Broadcasting System's color television method.

Some called the FCC action a "hasty, misguided or a dictator's ruling." At least two distributors urged present television-set owners to protest the ruling in letters to their Congressmen or to the FCC.

Distributors' comments on the FCC color-television ruling included:

Richard Levy, vice-president of W. Bergman Co. Inc., Philco distributor—"I'm afraid its like NRA and other misguided legislation which have been declared unconstitutional. We believe that three television-set manufacturers will get an injunction and take it to a high court. The commission appears to have over-extended itself. The agency never before presumed to tell manufacturers what they could or could not do."

Ben Kulick, president of Faysan Distributors Inc., Admiral distributor—"It is a dictatorial ruling. Television-set owners should contact their Congressmen or Senators to compel the FCC to let manufacturers develop color television in an orderly manner without jeopardizing the present investment by over 7 million set owners today. Color television is coming, but it has to be developed in evolutionary steps.

Manufacturers are running into shortages of component parts now for the production of black-and-white receivers. How can they change their production lines for a new product when they can't get enough materials for what they are producing now?"

Lee A. Wells, vice-president of Western Merchandise Distributors, Inc., Crosley distributor—"I think the FCC has made a hasty decision. The timing is wrong. I don't think the FCC should have rushed the ruling through until color television has been investigated from all angles, with the public's interest uppermost in the plans. We should take color television in our stride. A penny postal card from present television-set owners to the Congressmen or the FCC might be helpful in delaying the action."

Irving A. Nadritch, vice-president of Bickford Bros. Inc., Motorola distributor—"I still think color television is three to five years away

despite the decision by the FCC. I don't think a single television-receiver manufacturer could produce 100 sets within the next six months for receiving color television. Our transmitting facilities are not ready for color television yet."

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RETAILING DAILY
NEW YORK, N. Y.
Oct. 20, 1950

FCC Not to Advise Public On Purchases of TV Sets

WASHINGTON, Oct. 19.—The Federal Communications Commission, which adopted the Columbia Broadcasting System, Inc., color television system for commercial use starting Nov. 20, will not advise the public whether to buy existing sets or wait for color receivers, it was made clear today.

In a poll made by the Washington

Daily News, six of the seven commissioners went on record as not having any responsibility for advising the public what to do about buying set. Commissioner Edward M. Webster was out of town and was not polled.

Wayne Coy, FCC chairman, said he would not answer the question of whether he would advise the public to buy sets now or wait for color, while Robert F. Jones explained he will tell them to make up their own minds.

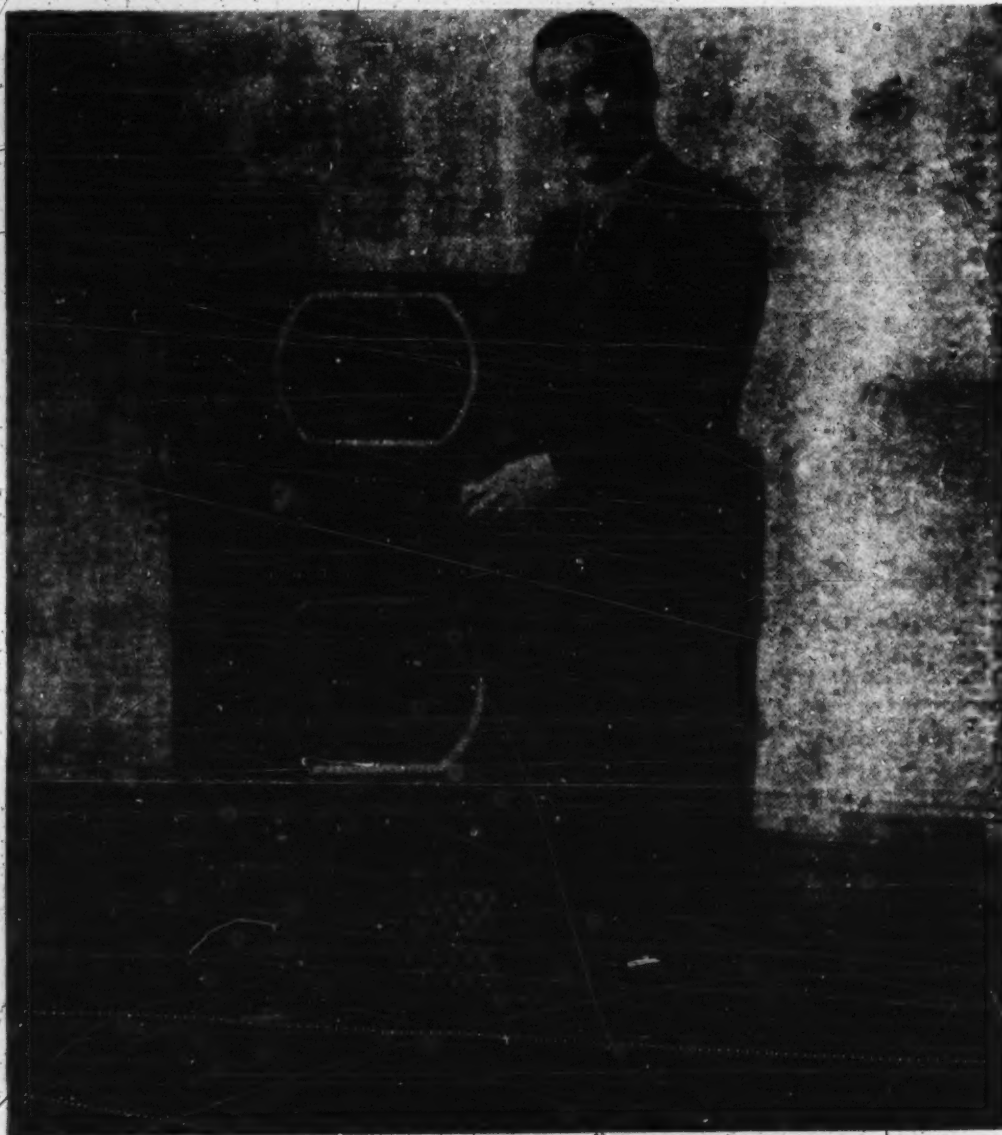
Miss Frieda B. Hennock noted that she was against the decision and did not want to get into the controversy. If the public demands color it will get it, she said, adding that she did not know what to say.

Rosel Hyde noted that FCC had not ordered anyone to broadcast color and said the only answer he had was that he would ask for TV service on the basis of the decision or get a dealer to agree to provide that service in the future. TV service, under the color decision, will consist of standard black and white, plus monochrome and color under the CBS system.

Paul A. Walker felt that the commissioners should not be drawn into the matter, but said if a friend asked him for advice "I'd tell him but I wouldn't make a pronouncement about it." What he would tell the friend was not stated, but Mr. Walker pointed out that FCC had given the public the opportunity to do what it wanted about buying sets.

George E. Sterling, who opposed the decision, along with Miss Hennock, said he would not want to advise the public, but he would have no hesitancy in telling a friend to go out and buy a set. He could convert it later, he will get substantial returns from black and white programming now, and it will take CBS considerable time to develop color programs in terms of choice broadcasting hours, Mr. Sterling said.

RETAILING DAILY
NEW YORK, N. Y.
Oct. 20, 1950



Sol W. Gross, president of Tele-tone Radio Corp., New York, unveils the first self-contained color television converter this week. Called the "Tele-Color" unit, the device is said to enable present and future black and white sets to receive color broadcasts and can be used in conjunction with either table or console models. The unit is expected to be marketed Jan. 1, although no price has been set as yet.

JOURNAL-GAZETTE
FORT WAYNE, IND.
Oct. 22, 1950

All Confusion With Color TV

NEW YORK, (AP) — The color television controversy flashed and thundered last week in the biggest storm in the 30-year history of broadcasting.

With a two-billion-dollar stake in sets already bought and billions more in possible cost differences in future sets, the public is bewildered at this latest battle of the giants, Columbia Broadcasting System and Radio Corporation of America.

With the set owner in the middle, the lineup on the opposing sides is something like this:

On one side: CBS, the FCC which approved its system, and Sen. Edwin C. Johnson (D-Colo.), chairman of the Interstate Commerce Committee of the Senate which passes on FCC appointments and appropriations.

On the other side: RCA and Pilot Radio Corp., both of which have filed court suits attacking the FCC decision, plus a great majority of other manufacturers.

In the middle along with the public are operators of the 107 television stations now on the air. They face the problem of whether to start colorcasts knowing their audiences would be very limited to begin with. (CBS owns and operates one station, WCBS-TV in New York, and has 49 per cent interest each in WTOP-TV in Washington and KTTV in Los Angeles).

System Incompatible

The CBS system is incompatible colorcasts under the system could be received only on sets that had been specially adapted or converted to its standards. Stations and sponsors would have to decide whether the cost of colorcasts would be warranted by the size of the audiences.

During the week the FCC ordered the National Broadcasting Co., RCA subsidiary, to discontinue broadcasts using RCA color during regular programs of stations WNBW in Washington and WNBT in New York, and confine them to times outside regular program schedules. The network also was ordered to use dis-

NBC had been sending part of the WNBW programs with an occasional relay to WNBT — in color as a reminder to set owners that RCA's own color system was compatible — and not only would be received in color on color sets, but also would appear in black and white on present sets, with no alteration or adaptation of the sets whatever. The FCC in approving CBS color rejected the systems proposed by RCA and Color Television, Inc., and refused to delay its decision to permit demonstrations of systems proposed by General Electric and others.

File Suit

Earlier in the week, a suit attacking the decision was filed in Federal District Court in Chicago by RCA, joined by NBC and RCA Victor Distributing Corp. and, a similar suit was filed in New York by Pilot Radio Corp., maker of radio sets since 1919 and a television pioneer. Both charged the decision by favoring an incompatible system would cause hardships on present set owners by requiring them to buy extra equipment that would not be necessary under a compatible system.

Some dealers reported success in convincing prospective set buyers who come into their stores that black and white television will remain the backbone of video service for years to come, and that they can safely go ahead and buy a current type set.

"That's all very well," said one major dealer. "If you can get them into the store, but they've stopped coming in to look."

Entirely aside from the color controversy, there are the new credit restrictions of 25 per cent and 15 months, the 10 per cent excise tax starting November 1, and the higher income tax deductions which on a \$75 a week man's salary just about equals the payments he'd make on a television set. Things may be rosy for color television but it looks like a dark Christmas for us.

JOURNAL
MILWAUKEE, WIS.
Oct. 22, 1950

Dispute Over Color TV Bewildering Set Buyers

Battle Between Mighty CBS and RCA Also Hurts Dealers as Pur- chases Show Drop

By WAYNE OLIVER

New York, N. Y. (AP)—The color television controversy flashed and thundered last week in the biggest storm in the 30 year history of broadcasting.

With a two billion dollar stake in sets already bought and billions more in possible cost differences in future sets, the public is bewildered at this latest battle of the giants—Columbia Broadcasting System and Radio Corporation of America.

And the nation's television dealers, thrown into a turmoil themselves, and with large stocks of sets on hand, sought to soothe the public on the situation created by federal communications commission approval of CBS color.

Eleven days after the decision, the flurry of the controversy is still mounting instead of subsiding, and color television still seems to be in the indefinite future for the majority of the public—regardless of the outcome of the controversy and accompanying lawsuits.

How Sides Line Up

With the set owner in the middle, the line-up on the opposing sides is something like this:

On one side: CBS, the FCC which approved its system, and Senator Johnson (Dem., Col.), chairman of the interstate commerce committee of the senate, which passes on FCC appointments and appropriations.

On the other side: RCA and Pilot Radio Corp., both of which have filed court suits attacking the FCC decision, plus a great majority of other manufacturers.

Only three smaller manufacturers, plus several equipment makers, have announced plans to make equipment for receiving CBS color. Senator Johnson has charged that most manufacturers are on a sit-down strike against CBS color. Most set makers have contended that there will be insufficient public demand for CBS color equipment, with its motor driven disk, to warrant its manufacture.

In the middle along with the public are operators of the 107 television stations now on the air. They face the problem of whether to start colorcasts knowing their audiences would be very limited to begin with.

CBS owns and operates one station, WCBM-TV in New York, and has 49% interest each in WTOP-TV in Washington and KTTV in Los Angeles.

Told to Discontinue

Since the CBS system is incompatible, colorcasts under the system could be received only on sets that had been specially adapted or converted to its standards. Stations and sponsors would have to decide whether the cost of colorcasts would be warranted by the size of the audiences.

During the week the FCC ordered the National Broadcasting Co., RCA subsidiary, to discontinue broadcasts using RCA color during regular programs of stations WNBW in Washington and WNBTV in New York, and confine them to times outside regular program schedules. The network also was ordered to use different call letters for the colorcasts.

NBC had been sending part of the WNBW programs—with an occasional relay to WNBTV—in color as a reminder to set owners that RCA's own color system was compatible and not only would be received in color on color sets, but also would appear in black and white on present sets, with no alteration or adaptation of the sets whatever. The FCC in approving CBS color rejected the systems proposed by RCA and Color Television, Inc., and refused to delay its decision to permit demonstrations of systems proposed by General Electric and others.

Suit Filed in Chicago

Earlier in the week, a suit attacking the decision was filed in federal district court in Chicago by RCA, joined by NBC and RCA Victor Distributing Corp., and a similar suit was filed by Pilot Radio Corp., maker of radio sets since 1919 and a television pioneer. Both charged the decision by favoring an incompatible system would cause hardships on present set owners by requiring them to buy extra equipment that would not be necessary under a compatible system.

The RCA suit charged further that the FCC's decision was influenced by advice of a staff engineer who "invented" a device usable in the CBS system.

The FCC hotly retorted that it was not influenced by the advice of the engineer, who it identified as Edwin W. Chapin, FCC laboratory chief. It said the device developed by Chapin and William K. Roberts, an assistant, had been as-

signed to the government and Chapin did not stand to profit from it.

Vigorous Opposition

The commission also said it would vigorously oppose the injunction suits by RCA and Pilot, and asked the court in Chicago to transfer the suit there to New York city, where RCA has its headquarters. And Pilot announced it would intervene in the RCA suit and withdraw its own separate suit since both involved the same issues.

Dealers were perturbed by large stocks of black and white sets ordered in anticipation of a continuation of the television boom and a buying rush to beat the new 10% excise tax that goes into effect Nov. 1.

Some dealers reported success in convincing prospective set buyers who come into their stores that black and white television will remain the backbone of video service for years to come, and that they can safely go ahead and buy a current type set.

"That's all very well," said one major dealer, "if you can get them into the store—but they've stopped coming in to look."

"Instead of 15 to 20 sets a day, I've been selling one or two," said another. "I'm convinced the public will resume buying once it becomes clear that black and white television will continue as the principal television service, and color will be supplementary and optional—but it's rough right now."

COURIER-JOURNAL
LOUISVILLE, KY.
Oct. 22, 1950

Color-TV War Thunders on Before Bewildered Public

Dealers Report Black-White Sets' Sales Plunging

By WAYNE OLIVER

Associated Press Staff Writer

New York, Oct. 21.—The color-television controversy flashed and thundered this week in the biggest storm in the 30-year history of broadcasting.

With a \$2,000,000,000 stake in sets already bought and billions more in possible cost differences in future sets, the public is bewildered at the latest battle of the giants—Columbia Broadcasting System and Radio Corporation of America.

Television dealers, thrown into a turmoil themselves and with large stocks of sets on hand, sought to soothe the public on the situation created by Federal Communications Commission approval of C.B.S. color.

Fury Is Mounting

Ten days after the decision, the fury still is mounting instead of subsiding, and color television still seems to be in the indefinite future for the majority of the public—regardless of the outcome of the controversy and accompanying lawsuits.

With the set owner in the middle, the line-up is something like this:

On one side: C.B.S., the F.C.C.

which approved its system, and Senator Johnson (D., Col.), chair of the Interstate Commerce Committee, which passes on F.C.C. appointments and appropriations.

On the other side: R.C.A. and Pilot Radio Corporation, both of which have filed suits attacking the F.C.C. decision, plus a great majority of other manufacturers.

Senator Johnson has charged that most manufacturers are on a sitdown strike against C.B.S. color. Most set makers have contended there will be insufficient public demand for C.B.S. color equipment, with its motor-driven disc, to warrant its manufacture.

In the middle along with the public are operators of the 107 television stations now on the air. They face the problem of whether to start colorcasts knowing their first audiences would be very limited.

Colorcasts under the C.B.S.

system could be received only on sets that had been specially adapted or converted to its standards. Stations and sponsors would have to decide whether the cost of colorcasts would be warranted by the size of the audiences.

F.C.C. Curbs Colorcasts

During the week the F.C.C. ordered the National Broadcasting Company, R.C.A. subsidiary, to discontinue broadcasts using R.C.A. color during regular programs of stations WNBW in Washington and WNBT in New York, and to confine them to times outside regular program schedules. The network also was ordered to use different call letters for the colorcasts.

N.B.C. had been sending part of the WNBW programs—with an occasional relay to WNBT—in color as a reminder to set owners that R.C.A.'s own color system not only would be received in color on color sets, but also would appear in black and white on present sets.

The F.C.C. in approving C.B.S. color rejected the systems proposed by R.C.A. and Color Tele-

vision, Inc., and refused to delay its decision to permit demonstrations of systems proposed by General Electric and others.

Nuts Charge Hardship

Earlier in the week, a suit attacking the decision was filed in Federal District Court in Chicago by R.C.A., and a similar suit was filed in New York by Pilot Radio Corporation, a television pioneer. Both charged the decision would cause hardships on present set owners.

The R.C.A. suit charged further that the F.C.C.'s decision was influenced by advice of a staff engineer who "invented" a device usable in the C.B.S. system.

The F.C.C. hotly retorted that it was not influenced by the advice of the engineer, whom it identified as Edwin W. Chapin,

F.C.C. laboratory chief. It said the device developed by Chapin and Willmar K. Roberts, an assistant, had been assigned to the Government and Chapin did not stand to profit from it.

Dealers were perturbed by large stocks of black-and-white sets ordered in an anticipation of a continuation of the television boom and a buying rush to beat the new 10 per cent excise tax that goes into effect November 1.

'Dark Christmas' Feared

Some dealers reported success in convincing prospective set buyers that black-and-white television will remain for years to come, and that they safely can go ahead and buy a current-type set.

"That's all very well," said one major dealer, "if you can get,

them into the store—but they've stopped coming in to look."

"Instead of 15 to 20 sets a day, I've been selling one or two," said another. "I'm convinced the public will resume buying once it becomes clear that black-and-white television will continue as the principal television service, and color will be supplementary and optional—but it's rough right now."

"Entirely aside from the color controversy, there are the new credit restrictions of 25 per cent and 15 months, the 10 per cent excise tax starting November 1, and the higher income-tax deductions which on a \$75-a-week man's salary just about equals the payments he'd make on a television set. Things may be rosy for color television, but it looks like a dark Christmas for us."

CHICAGO DAILY TRIBUNE
CHICAGO, ILLINOIS
Oct. 23, 1950
From the Editorial Page

POLITICAL TELEVISION

The federal communications commission has given the Columbia Broadcasting system a license to broadcast commercial television programs in color, and as a result the air is full of technical and economic arguments and threats of lawsuits.

There are several sponsors of color television systems, but only two approaches to the problem. One system, Columbia's, is partly mechanical. It uses a whirling disk to put color on the screen. The other approach, in which Radio Corporation of America [which owns the NBC chain] has made the most progress, is wholly electronic.

The Columbia system is the farther advanced in laboratory development at present, tho it has had little field testing. Many of its demonstrations have been on closed wire circuits—not broadcasting. RCA is believed to have made great progress in recent months. Its remaining problems are of the sort that good electronic scientists should be able to solve, engineers tell us. Another electronic color system is being developed by Color Television, Inc., a California concern.

The great difference, to the present set owner, is that RCA color television, if and when it is perfected, can be received in black and white on existing sets, tho not in color. Columbia color television requires adapters, of which one has been designed to bring in the programs in black and white, and an additional one to bring in color.

Within recent weeks Wayne Coy, chairman of the FCC, came out to a convention of television manufacturers in Chicago and told them that if they would agree to begin installing in their new sets, almost immediately, a "bracket standard," color television would be kept on an experimental basis for a while longer. If they refused, Columbia was to be given an immediate commercial license, he threatened.

A "bracket standard" is not, as we innocently inquired of an engineer, some bit of hardware inside a television cabinet, designed to provide space for a color adapter. It is a virtually complete second receiver for color. This is somewhat as if the government required automobile manufacturers to equip all cars with carburetors and motors capable of burning fuel oil as well as gasoline.

The manufacturers, after Coy refused a 60 day delay which they asked for the purpose of figuring costs, turned his proposal down. They felt they would be buying a pig in a poke.

Since the war, Columbia and RCA, thru their phonograph subsidiaries, have engaged in another technological battle. Each brought out a long playing record, but the speed of the turntables was different. There was no FCC to "protect the consumer" in the record field. [Its so-called protection would cost present television set owners half to three-quarters of a billion dollars, at Columbia's own estimates.] Eventually manufacturers brought out turntables that would handle both types of long playing records as well as the old standard records. The public, not a government bureau, was the umpire in that dispute.

The intervention of the FCC in the color television field, at its present stage of development, makes no more sense than government intervention in the photograp turntable fight would have done. The public eventually will have to decide the television dispute, also, by its patronage, and the rival systems could well have been left to fight it out for this public acceptance.

The members of the commission who had an engineering background voted against the order. The case smells of a New Deal fix. Unless Columbia can find an audience for its programs, however, it seems unlikely to stick.

CHICAGO DAILY TRIBUNE
CHICAGO, ILLINOIS
Oct. 3, 1950

FCC VIDEO ORDER TO HURT BUYERS, COMPANY SAYS

(Chicago Tribune Press Service)

Washington, Oct. 2—The Zenith Radio corporation of Chicago told the federal communications commission today the commission's recent color television decision might force future buyers of TV sets to pay 200 million dollars a year for an additional gadget which may never be needed or used.

Zenith and other television manufacturers filed comments with the FCC regarding its request that they start producing television sets to receive both regular black and white pictures and the Columbia Broadcasting system's color pictures in black and white.

Can't Meet Time Limit

The FCC has tentatively chosen the CBS color television for commercial use. The commission asked manufacturers to change the design of their sets to include the dual tuning switch this fall. In general, Zenith and the others advised the FCC its time limit for the change-over could not be met—that it would be well into next year before the new type receivers could be turned out.

Zenith said the dual tuning switch probably could be included in new sets by next May 1, but that it would add \$30 to \$40 to the retail price of each set. The company asserted:

"This is a severe penalty for the public to pay. The switch may never be needed. At the present rate of sales, the cost to the public might be as much as 200 million dollars a year for a feature which may never be used."

At Work on Gadget

Similarly, the Sentinel Radio corporation of Evanston, Ill., advised the FCC it was willing to make the change, but warned that it would require eight to 10 months and add \$35 to \$50 to the cost of each set. The Stewart-Warner corporation of Chicago reported it was working on the new dual reception gadget, but could not complete the job in the time suggested by the FCC. The Magnavox company of Fort Wayne, Ind., said the FCC proposal "involves a complete redesign of present receivers" which could not be done this year.

TIMES
NEW YORK, N.Y.
Oct. 22, 1950

VIDEO SET SALES DECLINE AT STORES

Some Retailers Cancel Orders
As Inventories Pile Up—
Promotion Increased

By WILLIAM M. FREEMAN

Sales of television receivers have dropped sharply at retail stores in this area, a check of distributors showed yesterday.

The sudden falling-off of demand, which is ascribed to the approval of a method of transmitting color television and to government restrictions on credit purchases, has left many stores with heavy inventories.

Some dealers have canceled orders, it was reported, and there is a strong tendency to be selective in ordering. The bigger manufacturers were said not to be especially concerned over this development, as the backlog of orders is high and is believed to be sufficient to keep factories going at or near capacity for some time. Smaller producers are not in as good a position and were described as worried.

Promotion Is Increased

Promotion efforts have been increased in the last few days as distributors attempted to keep store traffic flowing and to counter the tendency to wait until color sets or receivers built to take converters are put on the market.

A selling appeal getting an important play is the suggestion that persons contemplating a purchase of a set act before the new Federal excise tax goes into effect on Nov. 1.

At a meeting last week, Adrian Murphy, vice president of the Columbia Broadcasting System, whose color system received approval of the Federal Communications Commission, told members of the Industrial Relations Committee of the Retail Television and Appliance Dealers Association that present black-and-white sets were not obsolete.

He asserted that they could be equipped with a converter to receive the C. B. S. color programs when they are put on the air. The programs are scheduled to start next month and be on the air about twenty hours a week.

F. C. C. Assurance Sought

Following the meeting the association decided to ask the F. C. C. and the major manufacturers to assure the public that present sets would not be outmoded. It was believed that such statements would check the downward trend of sales of black-and-white sets.

Six of the seven commissioners of the F. C. C. said, however, in answer to questioning by a Washington newspaper, that they felt it was not their responsibility to advise the public on what to do with regard to purchasing a set. The seventh commissioner was not available.

One of the chief objections to the C. B. S. system voiced by its opponents is that the purchase of a converter would be necessary. They concede that present sets can receive the color telecasts by the addition of a suitable device, but point out that such a system would mean losing that part of the audience which did not possess converters.

Therefore, they say, the system approved should be one which can receive color or standard telecasts without additional investment. The stumbling block here is that such a set, called "compatible," designed to receive all telecasts, would tend to outmode present sets.

Advertising interests say that sponsors probably will continue to invest in black-and-white programs until sales figures for color sets or converters make a shift to color worth while.

RADIO & TELEVISION WEEKLY
NEW YORK, N. Y.
Oct. 25, 1950

VIDEO RECEIVER SALE IS OFF IN MILWAUKEE; FCC DECISION BLAMED

Store Owners Are Busy Explaining That Despite Action, Color Broadcasts Are Still Remote.

By JEROME GREENBLATT

MILWAUKEE, WIS., Monday — Sales of television receivers fell off sharply in the Milwaukee area following the announcement by the Federal Communications Commission that it had definitely approved the CBS system of color television. Clerks were kept busy explaining to customers, or recent buyers of sets, that color tele-

vising for the Milwaukee area was still remote.

One manager stated: "After we explained the situation, most of them apparently were satisfied. Things will slowly return to normal, once the scare is ended."

Another department store reported that customers stayed away in droves because of the decision of the FCC. A great many purchasers of sets wanted to return them in view of the FCC's action, but after a thorough explanation, everyone was satisfied after the facts were pointed out to them.

One of the large chain retailers of appliances and television sets says the television department, normally one of the busiest in the store, was practically empty.

One dealer had a very witty comeback when he replied: "I have color-vision right now — Blonde, Mahogany and Walnut. And that is likely to be all the color television the public will see for a long time."

The big question in this area today is: "What will color television mean to owners of black-and-white sets? Distributors and dealers were amazed by the FCC decision. Everyone felt that the logical color system would be by electronics and not mechanical.

The League of Wisconsin Radio Stations, at a meeting Wednesday at the Plankinton Hotel, changed its name to the Wisconsin Broadcasters' Association. The group-elect-ed Ben Laird of WDUZ, Green Bay, as president.

Other officers also elected are: Joseph Mackin, of WNAM, Marinette, vice president; Ken Schmitt, of WIDA,

Madison, secretary; Mrs. Jeanne Heal, of WTCH, Shawano, treasurer; George Prochotta, of WFHR, Wisconsin Rapids; Bruce Wallace, of WTMJ, Milwaukee, and Howard Dahl, of WBEK, La Crosse, directors. Mr. Wallace is manager of public service broadcasts and promotion for the Milwaukee Journal station.

The public in this area is beginning to realize that there is a shortage of tubes; this is, of the receiving type and for TV. The Taylor Electric Co., distributor of RCA products, said they were 125,000 tubes behind in orders.

The Broadway House of Music, 784 North Broadway, a distributor of De Mont and Capehart sets, stated that some sets had come through with some tubes missing, but that recent shipments had all the tubes.

Distributors and jobbers have established a policy of their own regarding the sale of tubes in some instances. In order to secure a new tube, the old one of similar type must be turned in. This is being done in order to prevent hoarding.

The Acme Radio Supply Corp., 510 West State street, reported that next month's tube allotments include only two tubes of a type upon which sales average 100 a month. This situation is causing servicemen to use their ingenuity in substituting other numbers in place of those in the sets.

The Electrical League of Milwaukee will, on November 8, honor three members who are celebrating their fiftieth anniversaries in the electrical industry, all with the electric company. The men are Fred Benz, Nels Christopher-son and Al Neisenheimer. The affair will be at the Astor Hotel.

RETAILING DAILY
NEW YORK, N. Y.
Oct. 25, 1950

November Video Sales Outlook For New York Stores Seen Dim

Some Outlets Show Declines Up to 50% in Week and Half—New Credit Terms, Color Controversy Heavy Factors

By E. H. WELLMAN

November is likely to be the worst month for TV business since the beginning of the year, New York retailers forecast gloomily yesterday.

Reason for the prediction, according to stores spot-checked yesterday, is that (1) sales have already declined sharply since the Federal Communications Commission's decision on color TV, (2) the expected buying rush before the imposition of the 10 per cent excise tax on Nov. 1 has simply not materialized, and (3) the combination of the excise tax plus the 25 per cent down payment is expected to knock out a substantial portion of prospective sales.

Some consumers are buying now in order to avoid paying the new levy, department store buyers and independent merchants said, but not enough to keep sales at the high levels of the past three months. Some outlets reported declines as high as 40 to 50 per cent in the past week and a half, although others asserted that the drop had been more moderate.

Other Factors

In some quarters, the doldrums were attributed almost entirely to the color controversy, but promotional houses, which specialize in credit sales, were of the opinion that the new time-payment regulations were also a weighty factor in the loss of business.

Whatever the causes of the present slackening of business, the present deterrents to sales are expected to increase with the imposition of the excise tax next Wednesday. A minority, however, feels that there may be a pickup in the last two weeks of November, on the grounds that consumers who have been knocked out of the present market are saving their money in order to buy sets before Christmas.

Others, however, are of the opinion that the damage won't be repaired that quickly. Ready cash, they point out, has very little to do with the fact that a considerable segment of the public seems to have decided not to buy sets because of the color controversy.

Stocks Heavier

Meanwhile, inventories are heavier than they have been in months and have been piling up with increasing rapidity in the past two weeks as supplies loosened up. The shaky financial position of small dealers, who depend on quick turnover in order to pay their bills, is expected to bring a wave of clearances very soon if their inventory load grows any bigger.

Already discounting to the public has increased. Stores that sold at list or gave only 10 per cent up to recently are now going as high as 20. In the past week there were also hints that several large TV dealers would break at any moment with big clearance sales.

Buying Pattern Shift

Two changes in the pattern of buying have been observed in the past week. First, stores have noticed an astonishing rise in the proportion of cash sales. This is attributed to the fact that customers who have the money now would rather pay in full than bother with the new credit terms, which no longer offer the advantages of "easy" payment.

Secondly, a greater and greater proportion of sets being sold are in the low-priced category. The rea-

son for this, according to merchants, is that many people are still willing to gamble on an inexpensive set becoming obsolete, but won't risk investing in a high-priced model.

RETAILING DAILY
NEW YORK, N. Y.
Oct. 25, 1950

Color Confusion, Credit Curbs Bring Drop in Chicago TV Sales

Most Report 5-10% Drop Under Pre-
vious Week and Some Have Trouble
Meeting 1949 Figures

By EDWIN G. WEINER

CHICAGO, Oct. 24.—The confusion over color and the more stringent credit regulations combined to bring about a further decline in television sales in the Chicago area during the past week.

Nearly all stores checked report sales 5 to 10 per cent under the week before, and a number of dealers commented that for the first time in months, they are now having trouble meeting their sales figures of a year ago at the same period.

Sharpest declines are noted by the downtown department and specialty stores. Outlying stores, both chain and independent, and particularly the stores which emphasize industrial and discount sales, have been affected somewhat less, though some of the smaller stores are beginning to be hurt by unbalanced inventories.

The combination of unfavorable factors has more than offset the expected stimulus from the coming color tax. The impending tax has been extensively advertised, and while some stores are still hopeful it will show some results as Nov. 1 approaches, results to date are said to be a disappointment.

Floppy Promotion

Failure to cash in on the tax cannot be blamed on lack of promotion as factory and dealer co-op advertising has been running at the highest level in the history of the industry in this area. Several of the larger users of advertising space said they have no intention of curtailing their advertising budgets and at least two said they are planning special last-minute promotions to break just before the tax becomes effective.

Opinion is divided among local retailers as to whether the color controversy of the 25 per cent down payment requirement has had the greater adverse effect on sales. Effect of the stricter credit terms can be measured more immediately, since nearly all stores have seen

customers walk out when told that the \$50 which they thought would be sufficient for the down payment on a \$400 set would have to be upped to \$100.

Others point out that we will never know how many good prospects have been kept away from the stores by the color uncertainty, and point to the much higher ratio of sales to traffic in the last 10 days as evidence that only those who have definitely decided to buy are now being drawn into the stores.

The dealers agree that color and higher terms have resulted in the sale of more lower priced units than formerly and many look for this trend to become more pronounced when the tax goes into effect.

No Cancellation Problem

Local distributors report that cancellations have not been serious enough to constitute a problem, despite the declining retail sales, and the major line distributors, at least, say they have no trouble re-allocating the few auto-drawn-up cancellations. It was noted, however, that for the first time since early summer, some of the name-brand wholesalers now have sets for immediate delivery, even in the more popular models.

Several distributors said they have discontinued shipping against orders without verifying the order in each case, and they make no secret of the fact that they are beginning to watch the credit of some of their accounts much more closely than during the past several months.

Biggest bugaboo worrying the local trade, at both retail and distributor levels, is what will happen after Nov. 1. Many suspect that this fall's price increases have been an element in the failure of business to reach the expected volume, particularly since the down payment was boosted, and that another hike in the customer's outlay, as a result of the tax will bring a further sharp decline in sales.

For some of the smaller stores, especially those which over-extended themselves in anticipation of shortages and to beat the tax, such a drop might be disastrous and result in forced liquidations which would upset the entire industry.

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RETAILING DAILY
NEW YORK, N. Y.
Oct. 27, 1950

Philadelphia, Kansas City Dealers Hit Godfrey Talk

PHILADELPHIA, Oct. 26.—Although there was no concerted action, television dealers here vigorously protested to Lipton Tea Co. regarding Arthur Godfrey's admonition to television viewers Monday night that they delay purchasing a set for six months because of the imminence of color.

Many dealers sent telegrams and letters to both Lipton and Mr. Godfrey. Others, although not taking such action, termed the action "very poor judgment" and asserted that they planned to influence friends and relatives to take some retaliatory action.

Among those writing letters to the sponsor was Sam Pason, secretary-treasurer of Pason's, Inc., Market street store. He declared the firm "should be more interested in selling tea than television . . . and

for all the money you're paying Mr. Godfrey for his own and station time you should be concerned with obtaining more viewers instead of trying to discourage them."

A protest also was registered by Mort Farr, Upper Darby, Pa. dealer and director of the National Appliance and Radio Dealers' Association. "It's difficult to understand Mr. Godfrey's reasoning," he commented. "For a man who owes everything in circulation—which means the sets we sell—his remarks just don't add up."

"The big danger to dealers lies in the fact that we won't get a chance to talk to all those people who might have heard him on the AM broadcasts; if we could get them into our stores, we could explain our side of it," Mr. Farr declared.

Response Prompt

KANSAS CITY, Mo., Oct. 26.—A hot rash of reaction to Arthur Godfrey's advice against immediate television buying, on his TV program last Monday night has broken out in the electric industry here.

Prompt response from the Kansas City Electric Association came through a telegram last night to the president of Lipton Tea Co., sponsors of the program, signed by Yale Witschner, Westinghouse Electric Co. and president of the local association. The telegram read as follows:

"The trade association of the entire electrical industry in the Kansas City trade area feels deeply Lipton Tea's sponsorship of Godfrey's comments on Talent Scout program of Monday, Oct. 23, was most ill-advised and Godfrey's advice to our potential customers was entirely out of order.

"A manufacturer of one product should not advise the public against buying an item produced by a completely different industry.

"We trust a clarification of your position in this matter as sponsor of Godfrey will be forthcoming on your next program."

The association also has written air mail to members of the International Association of Electric Leagues informing them of the telegram, and suggesting similar action. "We may be able to establish the point that no one should tell our customers they should not buy the products we have for sale," the letter read in part. It was signed by R. J. Samson, executive manager of the association.

Electric appliance dealers and television distributors of the local organization also have been informed of the action of the group.

Spot reactions of some dealers indicated considerable indignation at the presumption of a performer to suggest consumer actions outside his proper field.

CHICAGO TRIBUNE
CHICAGO, ILLINOIS
Oct. 29, 1950

WAIT ON COLOR? YOU MAY WAIT LONG, LONG TIME

Better Buy Now or You Will Miss a Lot

BY LARRY WOLTERS

About all the combatants in the color television controversy have been able to see so far is red. The recent decision of the federal communications commission, approving the CBS color system, has generated just about the hottest fight in the radio-TV industry's history. Arrayed against CBS and the FCC are most of the big TV manufacturers who have said that they do not intend to go into the CBS semi-mechanical type of color set production.

The Radio Corporation of America and Pilot have gone to court seeking to halt the order approving CBS color. The crux of the fight centers on whether the FCC erred in approving the older mechanical system, with standards different from black and white, in preference to the newer wholly electronic compatible system, one of which has been developed by RCA.

[The CBS color system requires adapters before it can be seen even in black and white on present sets, and an expensive attachment so that present sets can pick up colorcasts.]

Profit and Revenge

RCA has charged that the FCC exceeded its authority in demands made on manufacturers; also that it was influenced in its decision by an engineer who had contributed an invention used in the CBS system. At stake, of course, are tremendous profits and great prestige.

The general attitude of the big manufacturers to the FCC ruling was pretty well summarized by Robert J. Halliday, president of Radio Shack, who said it was a "craven decision" dictated by "unjustified commercial pressure."

Thompson, Sen. Johnson (D., Colo.), chairman of the senate commerce committee, charged that the set manufacturers were engaging in a "sit-down strike" against the government-approved color TV. In a lengthy statement he strongly upheld the FCC and its ruling and included therein this charge: "Always there has been resistance to new things by selfish interests."

Engineer Votes No

Actually most of the competent television engineers regard the CBS system as somewhat outmoded and look upon the all electronic system as the newer. It is significant that one of the two FCC commissioners who voted against the CBS system's adoption was a former FCC chief engineer.

Furthermore, the opposition from set makers is drawing from those who have been in the forefront of the development of television, RCA, General Electric, DuMont, Motorola, and Philco among them. David Sarnoff, chairman of the board of RCA, recently said that his company had plowed more than \$5 million into the development of television before it got back a cent. Such a company can hardly be described as resistant to new things. Also, it should be remembered that CBS has had no set manufacturing experience.

Set makers directed their criticism mostly against two features of CBS color: The fact that it is incompatible with present standards and cannot be received on present sets even in black and white unless they are adapted, and the limitation of the size of the color picture to 12½ inches at the present stage of development in which a motor driven disc is used to give color to the images.

The Public's Quandary

Some of the smaller companies say they will have adapter-converter on the market by Nov. 30 when the CBS system starts rolling, unless blocked by the courts. How the public will respond to these remains to be seen. They didn't go in any large numbers for the FM adapters.

Naturally, these developments have put the set owner in a somewhat of a quandary. However, he can continue to tune in the great variety of present black and white programs. If he wants to spend considerable money and experiment he can buy the gimmicks to bring in color, when color telecasting comes to his city. And except in New York, not much is in promise program-wise in the foreseeable future.

Worth the Price

Most of the TV stations on the air have no plans as yet to carry CBS color. These include the Chicago stations, except WCKB, which might do some colorcasting a few hours during the day.

If still a prospective buyer, he'll have to use his own judgment whether to wait until color transmissions and receivers arrive. Color introduction is going to be slow even without the industry row.

If he doesn't buy a black and white set, meanwhile, he'll miss a lot of fine entertainment. All evidence at hand now indicates that black and white programming will be the dominant medium of telecasting for a long, long time. Regardless of the outcome of the color hullabaloo you'll get your money's worth out of today's black and white receiver. Our advice is: Go ahead and buy a set.

RETAILING DAILY
NEW YORK, N. Y.
Oct. 31, 1950

THE NEW YORK TIMES
NEW YORK, N.Y.
Nov. 8, 1950

Atlanta Video Sales Decline From 50-75%

ATLANTA, Oct. 30.—Sales of television receivers have slowed down an estimated 50 to 75 per cent the past 10 days here and retailers blamed it on a combination of the new Regulation W and the confusion created over the FCC color ruling.

It is only within the past few days retailers have begun to feel the pinch of consumer resistance to present models because of the fear of obsolescence, they reported today. The response to the tighter credit terms was felt in a drop in sales immediately; it was pointed out.

However, for the first few days after the color ruling only the "best informed" customers asked questions about color and how it would affect sets now on the market. These were few, it was noted.

Now national publicity through magazines, radio and television have projected the color question into the spotlight to the extent that many prospective customers now are wary of buying.

One dealer reported he had received calls only this week from customers he had sold several weeks back, seeking information on the color question.

Observers generally believed the Federal excise tax to be placed on receivers beginning Nov. 1, would further cut into sales. However, they felt that business would pick up again in about four or five weeks with the coming of colder weather and the indoors recreation season.

FURNITURE SALES DOWN IN OCTOBER

Home Appliances, Carpets and
TV Sets Also Show Loss
—Latter at Standstill

Dollar volume of local home furnishings stores for the first five selling days of November ran 20 to 25 per cent behind the corresponding period last year, leading merchants reported yesterday.

James B. McMahon Jr., executive vice president of the Associated Furniture Dealers of New York, reported at the same time that final October compilations indicated a decline of 4.5 per cent as against October, 1949.

Mr. McMahon said that October was the first month in 1950 to drop below a like period of 1949. His figure represents a weighted average of volume done by thirty top local outlets with due weight given to larger stores.

Retailers stressed that the McMahon report gave an accurate analysis of over-all October volume but offered little inkling of the "catastrophic" sales drop in the last two weeks of that month. Poor business, they emphasized, is continuing this month.

Furniture volume in the last three weeks is from 12 to 25 per cent behind the comparable period last year, stores reported. Major appliance sales have dropped from 15 to 50 per cent. Carpet sales are off 20 to 30 per cent.

New Tax Slows TV Sales

Television sales for October ran 2 to 3 per cent behind last year. Merchants said the drop would have been far greater if it were not for the last minute rush to beat the excise tax which went into effect on Nov. 1. The head of one important store said the October decrease would have been "much, much more than 4.5 per cent" if television sales in the last two weeks did not jump as much as 700 per cent over the like period last year.

With the excise tax buying spur no longer a factor, retail television sales are again at a standstill, the store head reported. November sales of other departments continue at the same reduced rate experienced during the last two weeks of October, he said.

The tightening of credit controls in the middle of October was said to be one of the most important factors, if not the most important, in the drop of major appliance sales. The amendment to regulation W calls for a 15 per cent down-payment and fifteen months to pay on furniture and floor coverings and 25 per cent down with the same period to pay on appliances and television.

In addition to tighter credit restrictions, television sales still are hampered by the color controversy, one merchant reported. A spokesman for another well-known store said terms have little to do with the serious decline in carpet sales. He asserted that manufacturers simply had priced themselves out of the market.

RETAILING DAILY

NEW YORK, N. Y.

Oct. 31, 1950

Indianapolis TV Sales Slump 20-60% Since FCC Decision

Some Retailers Believe New Credit Restrictions Are to Blame but Most Attribute Decrease to Federal Ruling

By C. W. SWIGER

INDIANAPOLIS, Ind., Oct. 30.—Retail television stores uniformly report a sharp drop in both traffic and sales in the last few days, but there is a wide difference in the admitted extent of the slump.

One larger downtown retailer declares a 60 per cent decrease in his business since first announcement of the Federal Communications Commission's recent color decision, and others admit their sales are down from 20 per cent to 40 per cent. On the other hand, some specialty stores and furniture stores in residential areas claim their sales are off "a little," but not to an extent to cause alarm.

Dealers do not by any means agree as to the cause of this loss in sales. Most stores attribute the public's sudden hesitancy to uncertainty engendered by the FCC color decision.

Also Blames FCC Decision

This attitude is typified by one Northside dealer who points out that his firm for a long time demanded 25 per cent down on television sets, later dropped this to 15 per cent, then raised to 25 per cent again when latest credit regulations went into effect. He does not believe credit restrictions have influenced his customers greatly, yet sales are suddenly down. His conclusion is that confusion and uncertainty engendered by the color situation is responsible for his loss of business.

Generally, midtown dealers have suffered worse than those in outlying areas, and in some of the larger stores it is difficult to determine the extent to which color and new credit regulations are responsible. Some of these stores formerly sold television without a down payment, and the natural assumption is that tightened credit controls may be responsible.

However, among these stores are some which cater to upper income brackets, customers to whom the larger first payment would be unimportant, and the buyers are therefore inclined to blame most of their lost business on the color squabble.

While all dealers admit that traffic has fallen off, now and then a retailer reports that the percentage of sales closed is higher in relation to the number of prospects, which is taken to indicate that there is less "shopping."

WFBM-TV Officials Silent

Officials of WFBM-TV, Columbia Broadcasting System outlet here and the city's only television station, declined to comment when asked if there was likelihood that

their station would undertake to transmit color programs in the near future. The inference was there, however, that WFBM has no immediate plans for a change-over which would be both expensive and require considerable time.

Distributors say the slackening retail business has not yet affected them, but there is some pessimism as they look forward to the excise tax deadline and the additional impact it is almost certain to have on retail sales.

Distributors admit that dealer pressure for goods has lessened, but since most of them are working against a heavy backlog of orders, commitments still are sufficient to take all the merchandise they can get.

Retail Buying Cautious

Retailers, however, are buying more cautiously, and are placing the bulk of their orders on models which have been most popular, and in lines which have greatest public acceptance. One distributor says he is convinced that within the next few weeks the old trend will be completely reversed, and wholesalers will again have to go out and do a selling job.

In view of all this, retailers have been slugging away with rather heavy advertising programs, emphasizing home demonstrations and urging the public to buy before the excise tax goes on Nov. 1.

NEW YORK WORLD-TELEGRAM
NEW YORK, N.Y.
Nov. 7, 1950
From the Editorial Page

Telling Off the FCC.

After crawling way out on a limb in the colored television controversy, the Federal Communications Commission yelled for help from a source it previously had spurned, the Radio Corporation of America. It wanted that corporation to turn over its tricolor television tubes and circuits to the Columbia Broadcasting engineers for experimental use.

Quite properly and emphatically, Frank M. Folsom, president of RCA, has told the FCC that the suggestion makes just as little sense as expecting the Yankees to turn Joe DiMaggio over to the Phillies at the start of the World Series.

In more serious vein he wrote the FCC that what it was asking was that costly research work done at the expense of RCA stockholders be turned over to another private enterprise. Such a move, he declared, "cannot be regarded as in the public interest or in accordance with well-established American principles of free competition and fair play."

Furthermore, he reminded the bureaucrats that they have only themselves to blame; that their attempt "to force an incompatible color television on the American public has backfired."

The Folsom letter adds up to telling the FCC to go fly a kite which seems the proper answer to any completely cockeyed proposal.

CHGO. SUNDAY TRIBUNE
CHICAGO, ILL.
Sept. 17, 1950

30 PER CENT OF VIDEO FAMILIES WANT 2D SET

Thirty per cent of Chicago families owning television sets are considering buying a second set for their homes, according to a survey made in behalf of John Meck, the Chicago radio and television manufacturer.

Actually 7 per cent of the families polled have made definite plans to buy their second receiver, while 23 per cent more are thinking they would like to have another set. Some 3.6 per cent of the families already own two or more TV sets.

When asked what picture size they would want on the next set purchased, the replies were:

	Pct.
10 inch.....	1.38
12½ inch.....	13.37
14 inch.....	7.10
16 inch.....	44.10
17 inch.....	1.66
19 inch.....	14.34
21 inch.....	4.10
30 inch.....	1.34
Projection.....	.30
No decision.....	9.30

This compares with the following distribution of sets now owned by these families:

	Pct.
7 inch.....	4.40
10 inch.....	35.00
12½ inch.....	32.40
14 inch.....	1.00
15 inch.....	1.10
16 inch.....	17.00
19 inch.....	3.70
No answer.....	1.60

Of those families indicating they did not plan to buy a second set, five said they would wait for a decision on color telecasting. The families quoted had owned sets an average of 15.1 months.

In commenting on the findings, Mr. Meck said:

"These findings add an important dimension to the television market. If 30 per cent of set owners can be considered active prospects for a second set, we must raise our sights by at least 30 per cent over original estimates of the saturation that represents the industry's market potential. It also means a larger volume of replacement."

CHGO. DAILY NEWS
CHICAGO, ILL.
Sept. 23, 1950

4 Chicago TV Firms In Top 10

Four Chicago television set manufacturers and one from nearby Plymouth, Ind., are among the top 10 TV manufacturers, in a production forecast of Television Shares Management Co. of Chicago.

The company is an investment adviser and sponsor of Television Electronics Fund Inc.

The company estimates that the output of the top 10 set manufacturers in 1950 will almost double the entire industry production of last year.

THE ENTIRE industry, comprising some 100 companies, will produce more than 6,500,000 sets this year, compared with 3,100,000 sets in 1949, the company estimates.

The top 10 manufacturers are estimated to rank as follows in 1950:

RCA, 950,000 sets; Philco, 800,000; Admiral, 850,000; Motorola, 650,000; Zenith, 475,000; Emerson, 450,000; General Electric, 425,000; DuMont, 275,000; John Meck, 200,000; and Hallicrafters, 190,000.

ADMIRAL, Motorola, Zenith and Hallicrafters are Chicago firms. Meck's factory is in Plymouth, Ind. John Meck also is president of Scott Radio Laboratories, Chicago.

Estimates of production made earlier this year have been scaled down slightly because of the parts situation caused by the war.

The company estimates that the demand for sets this year could easily exceed 7,000,000 units.

[fol. 1014] IN THE UNITED STATES DISTRICT COURT

[Title omitted]

AFFIDAVIT OF SAMUEL I. ROSENMAN—Filed Nov. 13, 1950

STATE OF NEW YORK,

County of New York, ss:

Samuel I. Rosenman, being duly sworn, deposes and says:

1. I am an attorney, admitted to practice in the State of New York and before the Supreme Court of the United States. I am, and have been throughout the recent color television proceedings before the Federal Communications Commission, counsel to the Columbia Broadcasting System, Inc. I have participated in said color television proceedings as counsel for CBS, and I am familiar with such proceedings and the Commission's Reports issued subsequent to said proceedings. This affidavit is submitted in opposition to plaintiffs' motion for a temporary restraining order and a temporary or interlocutory injunction, and in support of the motions to dismiss or for summary judgment filed by defendants and by CBS.

[fol. 1015] 2. I have carefully examined and analyzed the 81 pages of affidavits filed by plaintiffs in the above-captioned case. Such examination and analysis indisputably disclose that with the exception of a few pages, the plaintiffs' lengthy affidavits are not directed to the issue of irreparable injury to plaintiffs—the fact necessary to be established as a condition precedent to the issuance of a temporary restraining order or a temporary injunction.

Indeed, the major affidavit of plaintiffs—that of Dr. C. B. Jolliffe—is in almost its entirety unrelated altogether to plaintiffs' injury, immediate or ultimate. On the contrary, it is devoted to an attempt to reopen the color proceedings *de novo* before this Court. It is filled with a great many allegations of "fact" and technical opinions which can properly be addressed only to the FCC, and which during the lengthy proceedings before that agency, *were in fact addressed to it by plaintiff RCA itself.*

It is well established law that upon judicial review of administrative rule-making which is a result of full hearings before an administrative agency, the reviewing court will not and cannot hear the evidence *de novo*, but rather,

will restrict itself to review on the record made before the agency. *National Broadcasting Company v. United States*, 319 U. S. 190. Plaintiffs' affidavits, however, represent a flagrant attempt to re-try the issues which they have already [fol. 1016] unsuccessfully tried before the FCC—and allegations embodied in plaintiffs' affidavits relating to the correctness of the FCC's findings and conclusions are already fully answered in those findings and conclusions, and in the evidence in the record which support them. The record is the only permissible source of examination.

For the foregoing reasons, and upon my advice on the basis of clear and decisive authority, CBS in its affidavits filed herewith has not undertaken to reply to the misdirected contentions of plaintiffs, except to the insignificant extent that such affidavits relate to the question of immediate and irreparable injury. The CBS affidavits also refer to certain other peripheral matters which are raised by the plaintiffs dehors the record, and concerning which there is no genuine dispute of fact.

The failure of CBS to answer the other portions of plaintiffs' affidavits, accordingly, is not to be deemed a concession that those affidavits are correct. Rather it is because, for the most part, the affidavits embody allegations which are not properly a part of the case in this court.

Samuel I. Rosenman.

Sworn to before me this 10th day of November, 1950.

Anthony Gagliano, Notary Public, State of New York, No. 24-1356350, Qualified in Kings County, Certificate filed with N. Y. and Kings County Clerks and Register.

Commission expires March 30, 1951.

[fol. 1017] IN THE UNITED STATES DISTRICT COURT

[Title omitted]

AFFIDAVIT OF FRANK STANTON—Filed Nov. 13, 1950

STATE OF NEW YORK,

County of New York, ss:

Frank Stanton, being duly sworn, deposes and says:

1. I am, and have been since 1946, the President of the Columbia Broadcasting System, Inc. (hereinafter referred to as CBS). I am personally familiar with the activities of CBS in the field of color television, and with the matters and events described herein. I am submitting this affidavit in opposition to the plaintiffs' motion for a temporary injunction and in support of defendants' motions to dismiss and for summary judgment.

2. CBS is engaged in the business of radio and television broadcasting. It owns and operates one television broadcast station, WCBS-TV in New York City, and owns minority interests in WTOP-TV, Washington, D. C., and KTTV, Los Angeles, California. It has recently entered [fol. 1018] into a contract to own and operate, subject to the approval of the FCC, television station KTSL, Los Angeles, and upon such approval, will dispose of its interest in KTTV. CBS also is engaged in sound and television networking, furnishing television network program service to 61 stations. Except for the manufacture of phonograph records through Columbia Records, Inc., a wholly owned subsidiary, CBS is not engaged in the business of manufacturing, distributing or selling any products, and particularly it does not manufacture, distribute or sell television receivers, transmitters or any other television equipment, nor does it manufacture, distribute or sell parts or components for any such equipment.

3. Plaintiffs contend in their various affidavits in support of their motion for a temporary injunction that each of them will, during the relatively brief time during which this Court will have the case under consideration, suffer irreparable injury caused by the fact that, on and after November 20, 1950, the FCC's order adopting standards for the color system developed by CBS will be in effect. Actually, as will readily appear from the facts hereinafter

stated, as well as from the facts in affidavits filed concurrently with this affidavit, plaintiffs will not and cannot, by the continued existence during the period in question of the FCC order, suffer injury, except to their pride and publicity. By contrast, the public is likely to suffer irreparable injury if the order should be temporarily suspended.

[fol. 1019] 4. On the issue of relative injury to plaintiffs and to the public, I shall hereinafter set forth facts establishing the following:

(a) Because of incompatibility (i.e., inability of existing black-and-white receivers to receive color signals in black and white) of the color system for which the FCC adopted standards, because of the permissive nature of the FCC order, and because of the time required for manufacturers to produce color receiving equipment, the advent of color television will be a gradual evolution; there will be no sudden replacement of black-and-white television (paragraphs 5-12).

(b) It is to be noted that to the extent, if any, that plaintiffs will be injured by the broadcasting of color beginning November 20, 1950, that injury is not likely to be avoided by a temporary injunction. This is because in any event, the broadcasting schedule of CBS is not dependent on the effectiveness of the FCC order; hence CBS will, as it is entitled to do, adhere substantially to its proposed color schedule under its temporary experimental license (paragraph 12).

(c) The gradual growth, during the next few months, of color television under the new standards precludes injury to plaintiffs, or any of them, during the interim period. Plaintiff NBC is not affected in its broadcasting activities. Plaintiffs RCA and RCA-Victor Distributing Corporation are not injured, and are not [fol. 1020] likely to be injured in their respective manufacturing and distributing activities particularly because even now, demand for RCA black-and-white sets exceeds supply (paragraph 13).

(d) In any event, to the extent, if any, that there has been any cancellation or diminution of orders for RCA sets, it is at least equally likely that such cancellation or diminution is due to the recently imposed credit restrictions on television sales and to other adverse

factors rather than to the FCC color decision (paragraph 14).

(e) Further, to the extent, if any, that the color decision has adversely affected plaintiffs' sales, the injury is self-inflicted and is due to RCA's adamant refusal, despite ample encouragement and opportunity, to produce equipment which would fully protect its sets from obsolescence and consequent buyer hesitation. Manufacturers and dealers who have taken steps to assure the public of equipment to modify existing black-and-white receivers to enable them to receive color have suffered no diminution in sales; on the contrary, their sales have increased (paragraph 15).

(f) Suspension of the Commission order would however, inflict grave injury to the public by costing it large sums of money, delaying the manufacture of color receiving equipment, and aggravating the problem of incompatibility (paragraphs 16-19).

[fol. 1021] 5. The first basic fact in the light of which the relative injury to the plaintiffs, on the one hand, and to the public, on the other, must be assessed is that color pictures broadcast under the standards adopted by the FCC in the order in question cannot be received by existing standard black-and-white television receivers now in the hands of the public or currently offered for sale. The inability of existing sets, unless modified, to receive color pictures in black-and-white is what is meant by the term "incompatibility." And it is this incompatibility which at once serves as a shield which protects plaintiffs from substantial damage during the interim period and, at the same time, results in a real threat of irreparable harm if there should be a delay in the effectiveness of the FCC order. This is so since, because of incompatibility, as will be shown more fully hereinafter, color broadcasting will initially be limited and hence cannot injure the various enterprises of the several plaintiffs. At the same time, the public is injured because each day of delay denies it the opportunity of making an independent judgment, discourages the manufacture of color equipment, and aggravates the problems and hurdles which the new color system must overcome.

6. The second basic fact in the light of which plaintiffs' claims of damage to themselves must be evaluated is the nature of the order which plaintiffs attack. The sole effect

of the order is to *authorize* a commercial television broadcasting service under the color standards adopted. Only when the FCC adopts such standards may there be a commercial service. But the order is not mandatory. Neither plaintiffs nor anyone else is required to do, or not to do, anything, except that plaintiff NBC must transmit in accordance with the new standards if it wants to engage in commercial color television broadcasting at all. Plaintiff RCA can continue, and, so far as they have stated, is continuing, to manufacture nothing but standard black-and-white sets; plaintiff RCA Victor Distributing Corporation can continue to sell these sets to dealers. The dealers, in turn, can continue to offer these RCA standard black-and-white sets to the public which, of course, can continue to purchase them and, as will be more fully set out hereinafter, can, after such purchase, get use and enjoyment from such sets. NBC can continue to broadcast its black-and-white programs. Neither NBC nor any other broadcaster is required to broadcast any color under the new standards. As will appear more fully in succeeding paragraphs, it is unquestionable that for the next few months at least, therefore, the great bulk of television broadcasting will continue to be under black-and-white standards which can be received on the existing types of receivers which plaintiff RCA manufactures and plaintiff RCA Victor Distributing Corporation sells.

7. A third basic fact bearing on the issue of the relative injury, during the interim period, to plaintiffs on the one hand and the public on the other, is the obvious industrial fact (described more fully below) that it will necessarily take some time for the industry to prepare and tool up to produce receiving equipment capable of receiving the color [fol. 1023] signals either in color or in black-and-white. It is exceedingly doubtful that any substantial quantity of such receiving equipment will be available during the interim period. Hence, even assuming, contrary to the fact, that plaintiffs RCA and RCA Victor are entitled to protection against the competition created by the offering of such equipment by others, it is entirely unlikely that during the interim period there will be such competition. On the other hand, however, because manufacturing preparation is time-consuming, and because a temporary injunction would inevitably lead to a pause in such prepara-

tions, such an injunction would postpone the date when the public would have the opportunity to purchase such new equipment and to enjoy color television under the new standards.

8. These basic facts—the incompatibility of the system standards for which have been adopted by the FCC, the wholly permissive nature of the FCC's order, and the necessarily preparatory nature of broadcasting and manufacturing activities in the immediate weeks ahead—preclude any possibility of the plaintiffs' asserted irreparable damage during the interim period.

Today, there is only an insignificant handful (certainly less than 1,000) of television receivers capable of receiving either in color or in black-and-white the color signals under the new standards. In sharp contrast, however, there are now between 7,000,000 and 8,000,000 standard black-and-white receivers in the hands of the public capable of receiving all programs broadcast under the existing black-and-white standards adopted by the FCC.

[fol. 1024] Because of the time required to change existing receivers and to manufacture new receivers capable of receiving the color signals, and because of the wholly permissive nature of the FCC order, there can and will in no event be any sudden revolution by which color television will replace present standard black-and-white. Rather, the advent of color will be a process of reasonably gradual and orderly evolution. The pace of that evolution will necessarily be measured by the total of (a) the quantity of receivers *produced hereafter* which will be capable (as present receivers are not now capable) of receiving color signals either in color or in black-and-white; and (b) the number of *existing* receivers which are modified either through *adaptation*, which would make them capable of receiving color signals in *black-and-white*, or through adaptation and *conversion*, enabling them to receive color signals *in color*.

Only as receiving equipment capable of receiving the new color signals comes on the market will there be any significant shift away from standard black-and-white broadcasting to color broadcasting. The appearance on dealers' shelves of such equipment in reasonable quantities is certainly not a matter of days or weeks. Plaintiff RCA itself submitted evidence at the hearing leading to the FCC order that it would take 8 to 10 months after adop-